



NAFN Local Authority Counter Fraud Survey



National Report
2025

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- The Fighting Fraud and Corruption Locally Board
- Local Government Associations for England, Scotland and Wales
- Hertfordshire Shared Anti-Fraud Service
- Wealden District Council



Mark Astley
Head of NAFN

This local authority survey aims to provide a clear view into a rapidly evolving and increasingly complex and challenging environment, offering a foundation for informed, evidence-based action.

Drawing on anonymised contributions from local authorities, the survey focuses on detected fraud and explores how councils are experiencing and addressing these challenges.

Our aim is to document current trends and identify where targeted actions and resources can make a real difference.

This Survey, conducted by the National Anti-Fraud Network (NAFN) and supported by the Chair of the Fighting Fraud and Corruption Locally (FFCL) Board, aims to provide an up-to-date picture of fraud risk, structure and response across local government.

Building on the insights from CIPFA's 2020 national fraud survey, this initiative adopts a more light-touch and less detailed approach.

It aims to provide a snapshot of the current capacity, policies, resources and preparedness of counter-fraud functions within local authorities. While this survey is intentionally more streamlined than previous iterations, we are committed to developing and expanding its scope in future editions to ensure a deeper understanding and stronger support for the sector.

The survey is a timely response to the growing threat of fraud and the absence of recent national data. Its findings will support benchmarking, inform policy development and help shape, influence and support the development of effective local and national risk and anti-fraud strategies.

Survey feedback is intended to promote greater collaboration and joint-working across sectors to better align and strengthen counter-fraud activity. All individual responses were treated in strict confidence.

Working together to strengthen our defences



This report will be shared with Local Government Associations, FFCL and other key stakeholders, including the Public Sector Fraud Authority and Central Government.

Results will contribute to the wider work being done. It is also an opportunity to ensure the voice of local government is heard ahead of expected announcements on a new and expanded upcoming Government Fraud Strategy including the Economic Crime and Corporate Transparency Act 2023 which has introduced a new offence of 'failure to prevent fraud'.



Part One

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NAFN Data and Intelligence Services is a not-for-profit organisation that plays a critical role in the national fight against fraud and crime.



We support the Public Sector in tackling fraud, protecting both the public purse and public interest.

Established in 1997 and hosted by Tameside MBC, NAFN operates as one of the largest shared services in the UK, supporting over 450 member organisations and more than 14,000 registered users.

Membership includes the vast majority of UK local authorities, a growing number of wider public authorities and social housing providers, supporting a 'stronger together' ethos.

When it comes to counter-fraud, NAFN provides a secure, legally compliant gateway for members to access essential data and intelligence services that support the prevention, detection and recovery of fraud-related losses.

It also plays a critical role as the Single Point of contact through which local authorities can acquire communications data under the Investigatory Powers Act 2026.



Whether tracing debtors, verifying identities, or supporting investigations through lawful access to communications data, vehicle ownership details, or financial records, NAFN empowers public bodies to act quickly and decisively - delivering both cost savings and safeguarding public funds.



By providing this key centralised, intelligence-led service, NAFN ensures that public sector organisations are equipped with smarter, faster and more compliant tools for tackling a wide range of fraud risks.



NAFN is currently transforming its service to members as part of a major change project that will be completed in early 2026.

This will harness AI, create a more intuitive user interface and introduce an Enhanced Intelligence Service for members supporting their investigations.



As a membership-driven service, NAFN operates solely in the public interest. Its services are rooted in collaboration, strategic insight and robust governance.

NAFN's reach makes it uniquely placed to lead on sector-wide initiatives like this survey, helping to shape a clearer national understanding of counter fraud capacity, needs and opportunities.

Understanding the scale of fraud risk and how public bodies are responding is essential for driving informed investment, strengthening preventative strategies and building long-term resilience against criminal activity.

This work reinforces the vital role of data and intelligence in protecting the public purse and enabling responsible governance.



Almost every crime and fraud has an element of communications data ...

yet less than half of all local authorities seek to acquire communications data to support their investigations.



SFIS to AI: The Evolution of Local Government Fraud Response

○ **SFIS and the Fragmentation of Local Fraud Teams**

In 2015 the launch of the Single Fraud Investigation Service (SFIS) transferred benefit fraud investigation powers to the Department for Work and Pensions (DWP). Council fraud resources were moved to DWP and roles shifted, cutting capacity, expertise and intelligence networks.

The result was a fractured fraud response landscape with diminished capacity at the local level.

Survey findings show fragmented delivery models, with many councils relying on internal audit or shared services and only a minority having dedicated fraud teams.

○ **Hybrid Working: Collaboration Challenges**

The shift to remote and hybrid working has disrupted informal collaboration and intelligence sharing.

While digital tools offer new possibilities, the loss of in-person interaction has weakened trust networks and slowed fraud response.

○ **COVID-19: A National Wake Up Call**

The pandemic exposed critical vulnerabilities in Central Government's fraud defences. In 2022, Lord Agnew's enquiry exposed how billions were lost due to poor controls and lack of preparedness.

Local authorities, despite limited resources, were often better placed to detect fraud but were excluded from strategic planning and data access.

○ **Public Sector Fraud Authority: A Step Forward but not Inclusive**

The creation of the Public Sector Fraud Authority (PSFA) marked renewed commitment to tackling fraud. However, local authorities remain excluded from full access to data, tools and intelligence-sharing platforms.

Almost two-thirds (63%) of councils cited lack of powers to acquire data as a major barrier, limiting their ability to investigate and respond effectively.

This exclusion limits the effectiveness of a joined-up national fraud strategy.



SFIS to AI: The Evolution of Local Government Fraud Response

● **Detection under Pressure**

Based on survey returns, we estimate that nationally, each counter-fraud staff member is responsible for £183k in fraud value, with growing caseloads and limited resources.



Nationally, the average fraud case value has dropped almost 50% to £2,708, indicating a shift toward **high-volume, low-value frauds**.

● **Emerging Threats: AI, Insider and Identity Fraud**

Insider fraud and identity fraud are rising with cases involving over £1 million reported, often linked to access misuse and weak internal controls. Identity fraud is driven by digital service expansion and gaps in verification.

The Cifas Fraude 2025 report highlights AI-driven identity fraud, SIM swap attacks and account takeovers as other growing threats.

These threats demand new detection methods and stronger cross-sector cooperation.

Councils must prepare for AI exploitation, including fake identities and forged documents.

● **Future Preparedness: AI, Skills and Collaboration**

Only one council reported using Artificial Intelligence in investigations but this is expected to grow rapidly. AI and advanced analytics offer transformative potential for fraud detection and investigation. Preparing for future threats requires upskilling of staff with qualifications like the new Government Counter Fraud Professional (GCFP) standard.

Councils will need to invest in awareness and training and build collaborative frameworks across local and Central Government. Councils must also prepare for the new offence of “Failure to Prevent Fraud” under the Economic Crime and Corporate Transparency Act 2023, which came into force in September 2025.

Going forward, a resilient and adaptive fraud response ecosystem is essential to meet evolving challenges.

2024-25 Projected National Fraud Figures Based On Survey Data



£74.5m

Total Counter Fraud Budget
(based on 103 survey returns)

£761

Budget per Referral/Case
(based on 118 survey returns)

£265.1m

Detected Fraud Value
(based on 100 survey returns)

£3.56

Value Detected per £1 spent
(based on 83 survey returns)



£2.708

Average Case Value
(based on 116 survey returns)

97,917

Estimated Case Numbers
(based on 116 survey returns)

98.9%

% Change in Volume
(from 2019/20)

- 46.8%

% Change in Case Value
(from 2019/20)



1,447

Total Staff (FTE)
(based on 129 survey returns)

£51,486

Budget per FTE Employee
(based on 103 survey returns)

£183,229

Value of Detected Fraud per FTE Employee
(based on 100 survey returns)

Wider Context and Fraud Trends

Gaining a comprehensive understanding of the current fraud and counter-fraud landscape in the UK has never been more critical.

Other reports published in 2025 provide further insight and context nationally across the public sector. Comparisons with the results from the 2020 CIPFA Survey reveal how the fraud landscape in local government has changed over the past five years. Key findings from the CIPFA Survey can be found in **Appendix 4**.

The National Picture – Public Sector 2025

- Over 3.3 million fraud cases were reported in the UK in 2024, marking a rise of 12% year-over-year, with £1.17 billion stolen (UK Finance Annual Report 2025).
- Identity fraud had over 421,000 cases logged to the National Fraud Database, a 13% increase and the highest on record (Cifas Fraudscape 2025).
- According to the Crime Survey for England and Wales, fraud now represents 41% of all criminal activity, affecting an estimated 4 million individuals in 2024 (NCA National Strategic Assessment 2025)



3.3 million
Fraud Cases

£1.17 billion
Stolen

12 %
Rise

Local Government Fraud Trends (Britain)

Year	Detected Fraud Value £'million	Average Case Value £'000	Estimated Case Numbers	Change in Average Case Value	Change in Volume
2018/19*	253	3,600	70,829	–	–
2019/20*	239.4	5,090	49,238	41.4%	-30.5%
2024/25**	265.1	2,708	97,917	-46.8%	98.9%

* 2019 and 2020 CIPFA Fraud and Corruption Tracker Report (142 and 98 responses respectively)

** National estimate fraud value based on 100 returns; Case numbers based on 121 returns

Understanding Comparisons Unadjusted for Inflation

The Consumer Price Index (CPI) has risen by approximately 25% between 2019/20 and 2024/25. This means that £239.4 million in 2019/20 would equate to around £300 million in today's terms.

When comparing fraud values over time, it is important to adjust for inflation to understand real-terms changes in financial impact.





Part Two

NAFN Local Authority Counter Fraud Survey

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 **gov.uk**
Data & Intelligence Services

1 Detected Fraud Levels Remain Largely Unchanged

Fraud case volumes have increased substantially, with detected fraud value rising by 11% since 2019/20. This increase in detected fraud value does not account for inflation. Adjusted in line with the Consumer Price Index, the 2019/20 figure would equate to approximately £300 million in 2024/25.

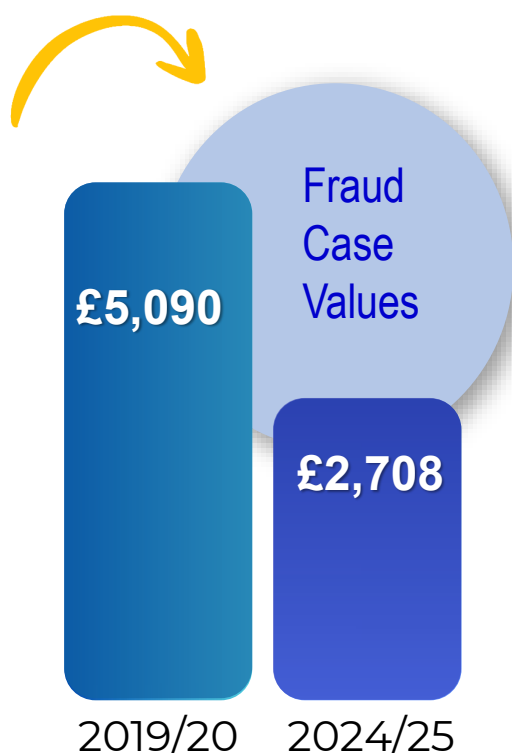
Overall, the total value of detected fraud has remained broadly stable or declined slightly in real terms.

Higher Volume,
Lower-Value
Frauds

2 Case Values Down, Case Volumes Up

Nationally, the average fraud value per case has fallen from £5,090 in 2019/20 to £2,708 in 2024/25, indicating a trend toward higher volume, lower-value frauds.

In part, this may be due to a focus on less complex cases where recovery is more likely. Quantifying the monetary value of emerging fraud threats will be a new challenge as AI, digital and identity fraud increase.



»»» Fraud case volumes have almost doubled since 2019/20, while average case values have halved. This may reflect emerging threats but could also indicate improved early detection and prevention, with fraud teams intervening before losses escalate. Additionally, the rise in lower-value frauds such as Blue Badge misuse may reflect better targeting of socially impactful frauds, where financial value is not the only measure of harm.

»»» These trends highlight the importance of measuring fraud impact not just in monetary terms but also in terms of public trust, service integrity and social equity.

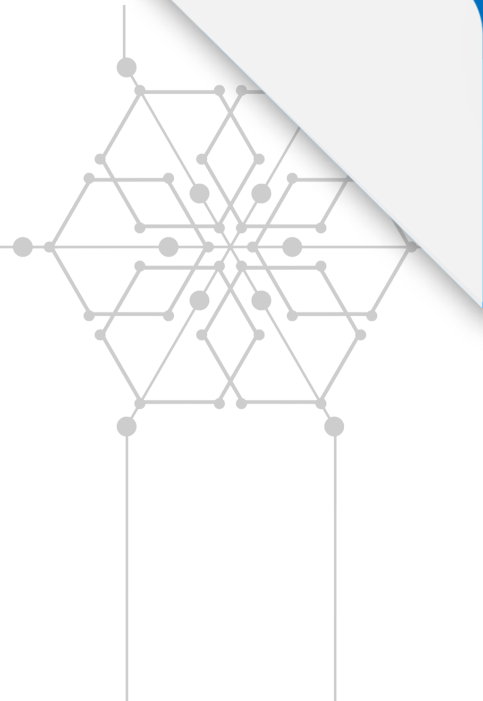
3 Detection Capacity Under Pressure

The survey reveals that each counter fraud staff member is responsible for almost £146k in fraud value with growing caseloads and limited resources.

Nationally, we estimate that the value of detected fraud per FTE employee is £183k.



Each Counter Fraud Staff Member Growing Caseloads. Limited Resources.



£146k

Fraud Value
Responsibility
per staff
member

£183k

Detected
Fraud Value
per FTE
Employee

4

Fraud Referrals

In 2024–25, councils responding to the survey reported a total of 30,085 fraud referrals, averaging 259 per organisation. Extrapolated nationally, this equates to approximately **98,000 referrals across 371 local authorities in England, Scotland and Wales.**

Most councils reported a modest number of referrals, less than 500. Only five councils reported receiving over 1,000 referrals (two London Boroughs, one Unitary and two Districts). At the lower end, six councils reported no referrals at all (two Unitary and four Districts).

Significantly, London Boroughs received an average in excess of 600 referrals in 2024/25. Unitaries, Districts and Metropolitan Broughs averaged between 200-250 with Counties averaging only 130 referrals.

30,085
fraud referrals

259
average per
organisation

5

Top Ten Frauds Investigated

The survey reveals the most commonly investigated frauds reported by councils are as follows:

- 
- **Council Tax (86%)**
 - **Employment (81%)**
 - **Payroll (80%)**
 - **Grants (80%)**
 - **Procurement (75%)**
 - **Insider Fraud (74%)**
 - **Tenancy Fraud (68%)**
 - **Blue Badge (64%)**
 - **Client Monies (42%)**
 - **Investment (22%)**
- 



By value, the high financial impact areas are Tenancy Fraud, Procurement and Council Tax.

The principal **high volume but low value frauds** are Council Tax, Blue Badge and Employment.

Low volume but potentially high-risk frauds are Procurement, Insider Fraud and Client Monies.

For example, two councils reported in excess of £1 million Procurement Fraud with another reporting Insider Fraud in excess of £1 million.

6 Focus on Tenancy Fraud

Of the 129 councils responding to the survey, 89 reported that they were investigating Tenancy Fraud (68%). The survey sought further detail on Tenancy Fraud and 84 councils responded. Of these, 57 councils were actively recovering properties (980 in total, an average of 17 cases per council).

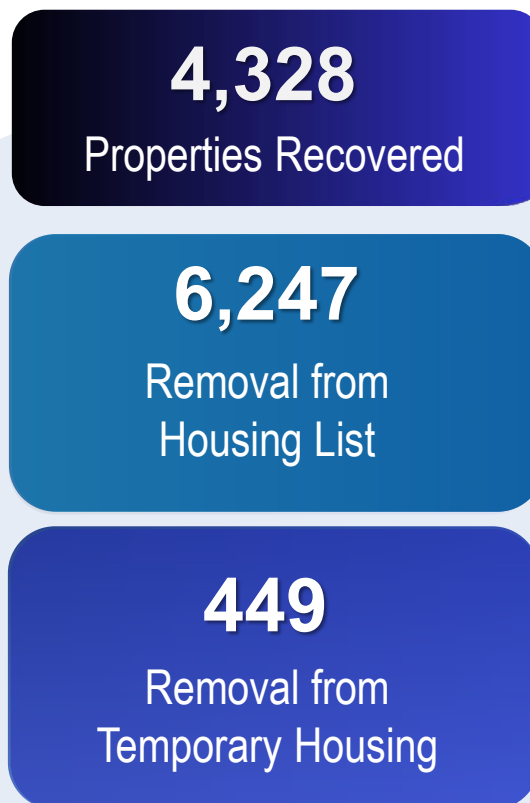


There were 1,246 people removed from the housing list reported by 41 councils, an average of 30 per council.

Only 9 councils provided details on people removed from temporary housing, a total of 75 with an average of 8 per council.

A significant number of councils are actively investigating Tenancy Fraud but the data provided on property recovery and removals is a small sample.

However, using these figures and extrapolating across England, Scotland and Wales, the following picture emerges for 2024/25:



A small number of councils are recovering a significant number of properties.

The top three councils, all London Boroughs, account for 257 properties (26%). A further nine councils reported recovering 30 or more properties, 17 councils reported recovering 10 or more properties and 27 councils reported no property recovery in their survey response. The Tenancy Fraud London 2025 Report provides further insight into detection, recovery and performance (see further details below).

Similarly, a small number of councils are removing in excess of 100 people from their Housing List. The top three, a Unitary, Metropolitan Borough and District council account for 525 of the 1,246 reported (42%).

Only 9 councils provided figures on people removed from Temporary Housing. The top three, a District, Unitary and London Borough accounted for 64 of the 75 cases (85%).

Case Studies can be found in Part 3 of this Report.



Tenancy Fraud London 2025 – Learning the Lessons

- Almost 50,000 social homes in London Boroughs are subject to some form of tenancy fraud
- London Boroughs with dedicated fraud teams recovered an average of 41 homes each, with top performers achieving over £1.4 million in savings per investigator annually
- The Tenancy Fraud Forum estimates the cost of each tenancy fraud in London at £66,000 reinforcing the financial case for proactive investigation and recovery
- Findings show that councils with dedicated fraud teams and strategic commitment consistently outperform others, highlighting the importance of prioritisation and resourcing.



7 Recovery Rates Are Relatively Strong

Almost 40% of known fraud value is recovered or in the process of being recovered. Against this backdrop, the recovery rate reported by local authorities may be considered relatively strong, particularly given the limited legal powers and resource constraints many councils face.

40%
known fraud value
is recovered or in
process of recovering

It reflects the sector's commitment to pursuing fraud losses despite structural and operational barriers.

Only three councils recovered more than £1 million with one recovering almost £11 million. Approximately half of councils recovering fraud reported modest levels between £10K and £200K. Surprisingly, 41 councils reported no recovery which may reflect challenges in reclaiming fraud losses (lack of resources and lack of access to information) rather than lack of fraud occurrence.

There were 55 non-responses which impacts on confidence levels in projecting these figures nationally.

Only four councils are working to recover more than £500K. Most councils reporting any recovery in progress are handling under £200K.

A significant number of councils reported no referrals were in recovery, suggesting that the fraud either has been fully recovered, is not expected to be recovered or there's a lack of capacity to pursue recovery. It is possible that information was unavailable when completing the survey and once again, any projections should be treated with caution.



Over 40% of respondents cited departmental budget constraints as a challenge.

On the other hand, for every £1 spent on counter fraud, local authorities generate an estimated £3.65 (projected £3.56 nationally) in detected fraud value demonstrating a good return on investment when there is recovery.



Recovery Rates: Context and Benchmarking

While the NAFN 2025 Survey reports a 40% recovery rate for known fraud, this figure should be viewed in context.

Recovery of fraud losses is notoriously difficult across all sectors. In financial services, for example, the UK Finance Annual Fraud Report 2025 shows that:

- In 2024, unauthorised transaction fraud losses totalled £722 million, with £1.45 billion in fraud prevented.
- For Authorised Push Payment (APP) fraud, despite new mandatory reimbursement rules introduced in October 2024, only 8% of eligible scam losses were reimbursed by year-end.

These figures highlight the broader challenge of recovering fraud losses especially when funds are quickly spent, laundered or moved offshore.

Even with regulatory mandates, recovery rates in financial services and insurance often fall below 30% and in some cases under 10%, depending on the fraud type and enforcement mechanisms.

8 Resourcing Gaps Persist

A total of 503 FTE counter-fraud staff were reported across 129 local authorities who responded to this question. The majority of these are currently in post but overall, 54% of respondents reported staffing resources as a major challenge.



40 %

of Councils have staff that share Counter-Fraud responsibilities within their job role.

A significant number of councils (40%) report their staff have shared or part-time counter-fraud responsibilities. In such cases, the range of time allocated for an individual person's counter-fraud role within their job scope varies.

Among those that responded, the average establishment of counter-fraud staff per council is just over 4 FTE often shared across functions, limiting strategic capacity.

Most commonly, only 2-3 staff are assigned to counter-fraud investigations suggesting many councils maintain a modest core counter-fraud team.

9 Internal Audit and Counter-Fraud Teams Lead Oversight

Almost half of councils cite Internal Audit as the lead fraud oversight function and one third have a dedicated Counter-Fraud Team.

Finance Departments hold a supporting but important role with oversight from Section 151 Officers.

Over 35 councils (around 1 in 4) operate with 5+ FTE, reflecting stronger in-house capacity, possibly due to risk exposure or regional/shared service models.

Significantly, 29 councils have under 2 FTE, highlighting potential reliance on shared services, part-time staff or minimal resourcing.

If the staffing levels reported are broadly representative, this would imply a potential total of approximately 1,447 counter-fraud staff across 371 local authorities in England, Scotland and Wales.

10 Professional Qualifications

The survey identified a diverse range of professional qualifications held by counter-fraud staff across responding authorities.

The most common qualification was **Accredited Counter Fraud Specialist** (42%) followed by **Accredited Counter Fraud Manager** (18%) and **Government Counter Fraud Professional** (8%). Significantly, the latter was only introduced to local government in 2023 and is now being promoted as the national standard across the public sector. It is expected to become the preferred qualification.

11 Analytical Tools

Survey responses show that **NFI ReCheck is the most common data-matching tool used by almost two thirds of councils**, followed by NFI AppCheck (29%) and NFI Fraud Hub (25%) with 22 councils using all three NFI tools.

These 22 councils accounted for almost one third of reported detected fraud. Notably 10 of the 12 London Boroughs are using the NFI Fraud Hub.

Almost 50% of councils use a range of other analytical and data matching tools to support counter-fraud investigations, many of which are in-house business solutions.

Two out of three councils

NFI ReCheck is the most common data-matching tool



Only one council reported the use of AI as an analytical tool, but this is a business solution that is certain to be developed and exploited in the very near future.

12 Strategic Risks Are Growing



Emerging national fraud types are not yet fully visible in local authority data, but councils must prepare for rapidly evolving threats. This includes having technology tools and knowledge in place to combat these emerging fraud threats.

Over 80% of councils say they follow the recommended approach set out in the 2020 FFCL Strategy Report with four pillars (Govern, Acknowledge, Prevent and Pursue) underpinned by Protection against future frauds (below).

We received 32 Fraud Strategy documents that will help us share good practice via the NAFN website. These offer new insights into counter-fraud approaches.



PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

13 Budget Constraints And Recovery

Based on survey responses, the average annual budget for counter-fraud is £226k per council.

Across all 371 councils in Britain, this would amount to a national budget of almost £75 million.

Almost one third of councils reported annual fraud budgets in the range of £100-199k with a significant number (33%) having an annual budget under £100k.

Only two organisations reported budgets over £1 million.



14 Key Barriers

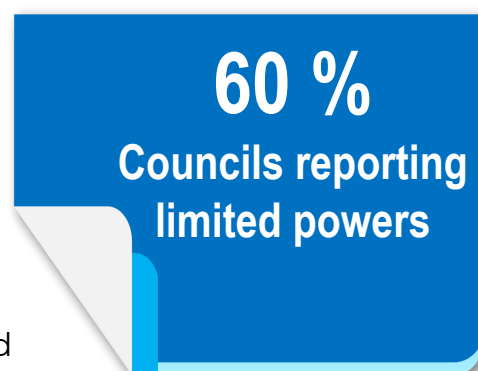
Councils consistently highlighted a range of operational challenges impacting their counter-fraud efforts. These include resource shortfalls, delays in legal processes, limited collaboration with key agencies such as the DWP and a lack of access to effective tools and training.

Together, these issues constrain the ability to respond swiftly and effectively to fraud risks.

15 Powers to Acquire Data

Over 60% of councils reported that limited powers to acquire data remain a significant barrier to effectively countering fraud.

This constraint not only hampers local investigative efforts but also has broader implications for national data-sharing initiatives, including the role of NAFN and other intelligence sources.



Strengthening access to relevant data will be essential to enhancing the collective capability to detect and prevent fraud across the local government.

A Note On Fraud Prevention

The Act of Stopping Fraud Before It Occurs



Fraud Prevention and Strategic Value

While the survey provides a robust snapshot of detected fraud across local authorities, it is important to recognise that fraud prevention, **'the act of stopping fraud before it occurs'** is a critical and often under-reported dimension of counter-fraud activity.

Prevention not only protects public funds but also avoids the further costs of investigation, recovery and legal action. It is a strategic investment that delivers long-term value.



Counter-Fraud as Value For Money

The survey shows that **for every £1 spent on counter-fraud, councils detect an estimated £3.65 in fraud value.**

This figure alone suggests a strong return on investment. However, this does not account for:

- Prevented fraud: claims stopped before payment.
- Associated error recovery: cases where fraud teams identify errors that lead to financial recovery, even if there is insufficient evidence to justify a criminal investigation.
- Deterrence effect: the presence of active fraud teams discouraging fraudulent behaviour.

If these elements were quantified, the true ROI would likely be significantly higher, reinforcing the case for sustained and increased investment in counter-fraud capacity.

£1
Every £1 spent on
Counter-Fraud,
£3.65
in Estimated
Fraud Value

Key Challenges Reported by Survey Respondents

63 %

Powers to
Acquire Data



54 %

Staffing
Resources



45 %

Departmental
Budget Constraints



These top issues reflect critical barriers to establishing or scaling effective fraud services, particularly around access to data, staff capacity and funding.

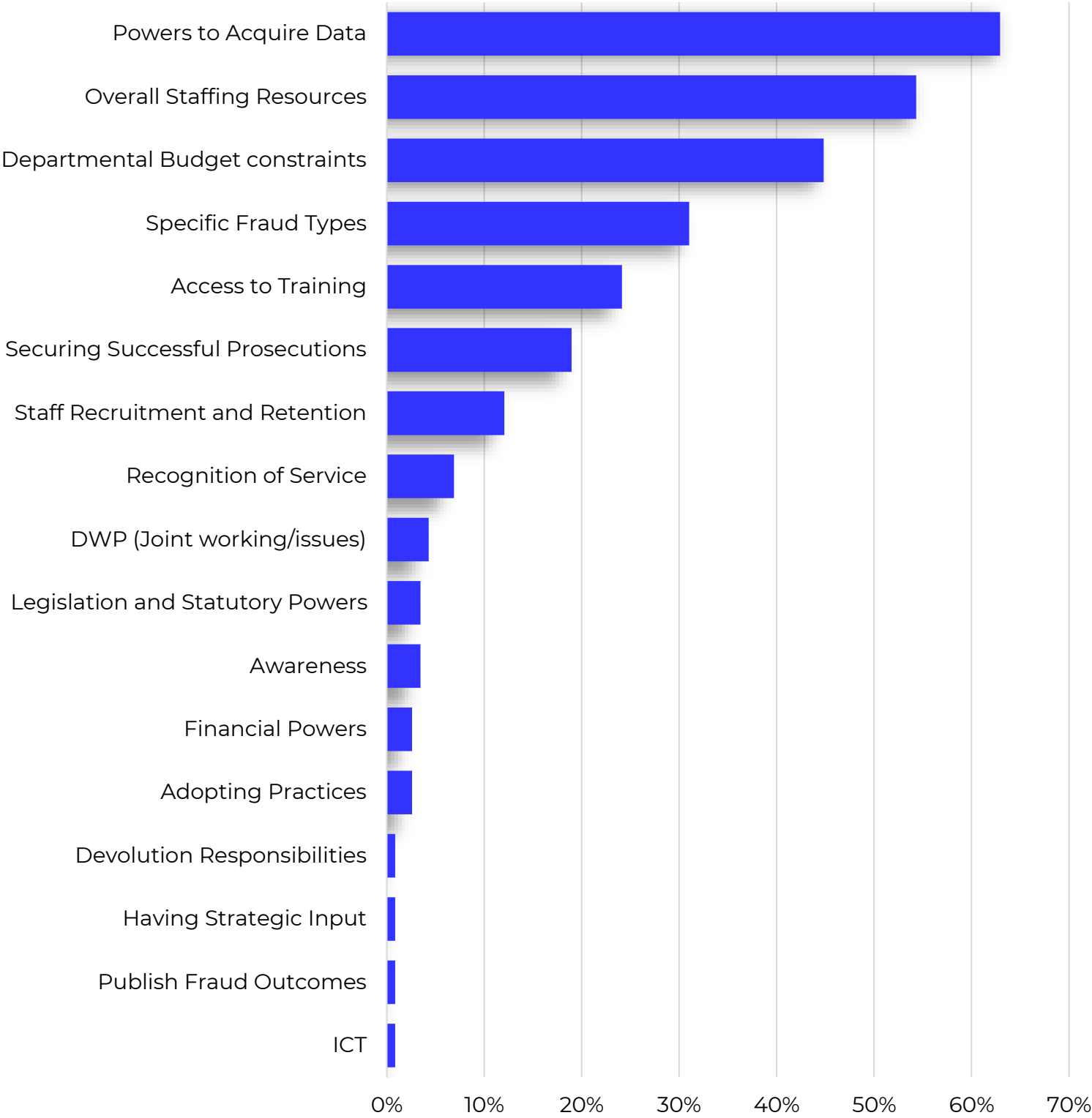
This creates a cycle where limited powers and staff make it difficult to detect fraud; even when it is detected, there are often insufficient resources or legal options to take action.

Other challenges included specific fraud types (31%), training access (24%) and difficulties securing prosecutions (19%). Less frequently cited issues such as joint-working with DWP, legal powers and whistleblowing also highlight areas needing targeted support.



Overall, the findings point to a need for stronger legislative powers, strategic investment, and cross-agency collaboration to enhance Counter-Fraud capability nationally.

Challenges Reported by 129 Respondents



Further Insights

In addition to operational concerns, several other constraints were reported:

- **Legal and Prosecution Barriers:** Delays and high costs in legal processes discourage councils from pursuing cases, undermining fraud deterrence.
- **Cultural and Awareness Deficits:** Awareness and engagement with fraud risk remain low in a number of areas.
- **Policy and Legislative Gaps in Scotland:** Scottish councils raised concerns about lacking statutory powers available to English counterparts, limiting both fraud prevention and enforcement.
- **Under-recognition of Counter-Fraud Services:** Counter-fraud is often not treated as a core service, leading to inconsistencies in how it is resourced, prioritised and delivered across Britain.

Theme	Core Challenges	Frequency/Notes
Resources and Budget	No dedicated fraud staff, reactive models, severe funding shortfalls, limited capacity to act.	Most frequently mentioned
Courts and Legal Delays	57 tenancy fraud cases delayed, court bailiff delays, expensive legal costs, lack of prosecution appetite.	Critical operational impact
Awareness and Culture	Need for greater awareness and engagement	Key behavioural barrier
Legislative Limitations	Scotland lacks equivalent PoSHFA powers to obtain data; reliance is on permissive rather than statutory powers.	Legislative gap
DWP Engagement	Poor feedback from DWP, weak joint-working, lack of prioritisation of cases referred.	Operational collaboration issue
Recognition of Service	Discretionary approach across councils, little national recognition or profile for fraud teams.	Undervalued function
Strategic Input	Lack of fraud intelligence informing national-level scheme design.	Structural gap
Technical/Training Constraints	Limited access to tools, systems or legal training.	Capacity building need
Whistleblowing	New policies exist but awareness and integration into fraud procedures vary.	Mixed implementation

New Requirement Under the ECCT Act 2023



Local authorities face a new challenge under the Economic Crime and Corporate Transparency Act 2023. On 1 September 2025, this Act introduced an offence of 'Failure to Prevent Fraud' and it is essential that councils fully understand their responsibilities around fraud prevention, whistleblowing processes and protections.

Local authorities may need to provide evidence of their fraud prevention procedures, which may include policies, training and monitoring systems.

However, these procedures are expected to be proportionate to the nature, size and risk profile of the council.



An Offence of 'Failure to Prevent Fraud'

Cifas Fraudscape 2025

The recent **2025 Fraudscape** report from Cifas, the UK's leading fraud prevention service, provides an up-to-date national picture that underlines the challenges facing local government.

The report reveals a sharp rise in fraud across the UK, particularly identity fraud and account takeovers. This surge is largely driven by artificial intelligence, economic hardship and an alarming new trend of individuals willingly selling their identities for financial incentives.

Emerging Trends Reported by Cifas:

The report reveals a staggering 421,000 cases filed to their National Fraud Database in 2024 a 13% increase and the highest number on record.

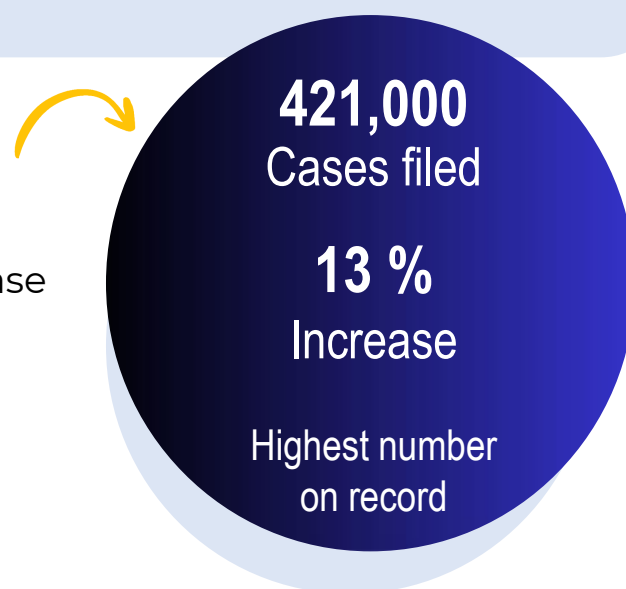
Key emerging threats are:

AI Exploitation: Criminals are leveraging AI to generate fake identities, forge documents and bypass verification systems.

Identity Fraud & Account Takeovers: Identity fraud remains dominant with a growing link to facility/account takeovers, particularly in telecoms and online retail.

Insider Fraud: Cifas reported a 32% uplift in cases as noted in its Fraudscape 2025 six-month Jan-June report. Organisations reported more employees were concealing their background information to secure roles or engage in dishonest activity to boost income.

The Cifas report underscores the urgent need for enhanced vigilance and updated counter-fraud systems. As fraud becomes more complex and widespread, particularly in the digital space, it is important that local authorities advance their awareness, invest in preventative measures and stay responsive to new and emerging risks.



SIM Swap Attacks: Mobile phone providers have seen a sharp rise in SIM swap fraud used to hijack user accounts.

Older Age Groups Targeted: People aged 61+ are being increasingly targeted in identity and account takeover frauds.

False Applications: While general false application cases are down, false documentation is still fuelling fraud in loans, telecoms and insurance.

Insider fraud is clearly exacerbated by homeworking as highlighted in a recent **NAFN Intelligence Alert** regarding polygamous employment where a subject fraudulently secured multiple full-time positions across a number of local authorities and the NHS.

Concluding Insights

Despite the critical role local authorities play in protecting public funds and services, councils continue to operate under significant constraints marked by limited resources, low staffing levels and fragmented oversight structures.

Currently, Section 151 Officers in England and Wales and their equivalent in Scotland and Northern Ireland have a duty to protect the public purse but they are under no obligation to establish a dedicated counter-fraud resource as recommended in the FFCL Strategy 2020.

Every council is under attack but they do the same thing differently.

These systemic challenges hinder the development of robust counter-fraud capabilities at a time when the threat landscape is evolving rapidly. Impending local government reorganisation presents an opportunity to establish well resourced corporate anti-fraud teams. The survey has revealed that such teams are better placed to prevent, detect and recover fraud.

The wider UK fraud environment is undergoing a profound transformation. Identity fraud remains the most prevalent type with criminals increasingly exploiting cost-of-living pressures and leveraging advanced technologies including generative AI, deepfake tools and sophisticated social engineering tactics to deceive individuals and councils



**Opportunity to establish
well-resourced corporate
anti-fraud teams**

Concluding Insights

As the nature of fraud continues to shift driven by digital innovation, economic instability and organised crime, local authorities must be prepared to evolve their approach.

The significant increase in case volumes, coupled with a decline in average case value, signals a fraud landscape that is increasingly transactional, complex and harder to detect without coordinated, intelligence-led systems.

Encouragingly, survey findings show that councils are detecting more fraud.

However, when adjusted for inflation, the total value of detected fraud has remained broadly stable or declined slightly, suggesting that increased detection may be focused on lower-value cases. This progress must be matched by stronger strategic capacity, sustained investment in tools and personnel together with deeper engagement with the wider anti-fraud community.

With fraud now representing over 40% of all crime nationally, local authorities must be recognised as partners in the fight against fraud and position themselves not just as passive responders but as proactive defenders of public money, equipped to face both today's and tomorrow's threats.



**Fraud represents over 40%
of all crime nationally**

Key Recommendations

The following recommendations aim to support councils in strengthening their defences, improving detection and prevention capabilities whilst fostering cross-sector collaboration to address evolving risks.

To strengthen local authority resilience and preparedness in the face of evolving fraud threats, we recommend the following strategic actions:

1 **Invest in Counter-Fraud Capacity**

- Expand and prioritise dedicated, independent counter-fraud teams beyond internal audit functions.
- Consider GCFP apprenticeships which offer a career path for individuals.
- Address staffing shortages to manage increasing caseloads and enable proactive investigations.
- Where full in-house teams are not viable, explore regional or national shared service models, including access to national data and intelligence services such as NAFN.

2 **Modernise Detection Capabilities**

- Leverage data analytics and digital tools to detect fraud patterns earlier particularly in high-volume, lower-value cases.
- Enhance data sharing between councils and with national bodies such as the DWP, HMRC and NAFN to improve intelligence-led responses.

3 **Strengthen Oversight and Governance**

- Clarify the distinction between audit and fraud governance roles to ensure independent oversight and accountability.
- Encourage senior leadership to treat fraud as a strategic risk and champion a strong anti-fraud culture across the organisation.

4

Anticipate Emerging Fraud Risks

- Monitor and prepare for emerging threats such as identity theft, cyber-enabled fraud and application fraud even if not yet prevalent locally.
- Align local counter-fraud strategies with national risk intelligence and guidance from government fraud agencies such as NCA, NFIB, NAF the NHS Counter Fraud Authority. Also, Cifas, a not-for-profit member organisation who works with both public and private sectors, including government departments.

5

Improve Recovery and Enforcement

- Work with the LGA, COSLA, WLGA, NILGA, PSFA and NAFN to lobby Central and Devolved Governments to secure greater powers or collaborative frameworks to acquire data enhancing their ability to investigate and respond effectively.
- Work with local government associations, FFCL Board and PSFA to lobby Central and Devolved Governments to address delays in the legal system that hinder enforcement and recovery often incurring expensive legal costs.

6

Build Awareness and Culture

- Deliver regular, targeted fraud awareness training to staff across all service areas.
- Exploit free external training opportunities such as the NAFN Academy.
- Foster a culture of vigilance where fraud prevention is embedded into everyday operations and seen as a shared responsibility.

7

Collaborate and Share Intelligence

- Strengthen collaboration with external agencies and participate in regional fraud forums or intelligence hubs.
- Share best practice, case intelligence and lessons learned to enhance detection, reduce duplication between organisations or investigating authorities and build collective resilience.



Part Three

NAFN Local Authority Counter Fraud Survey

National Report
2025



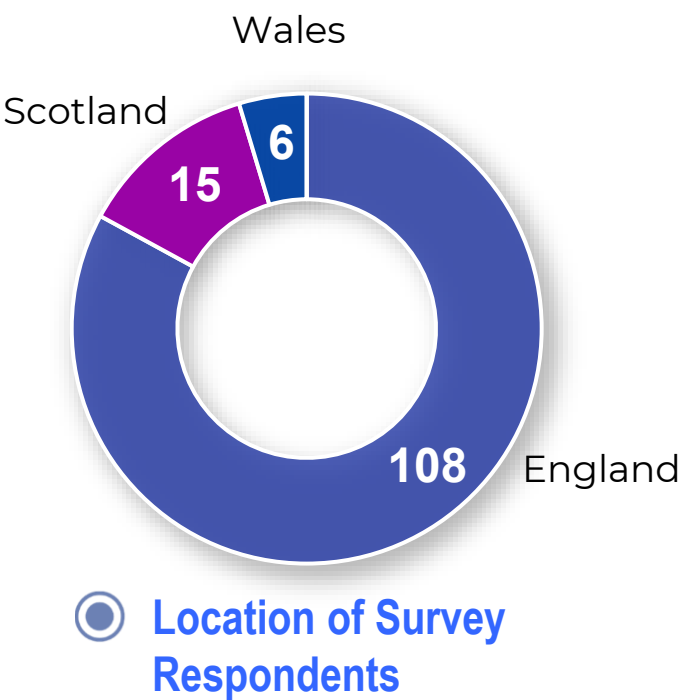
gov.uk
Data & Intelligence Services

Geographic Coverage and Response Rate

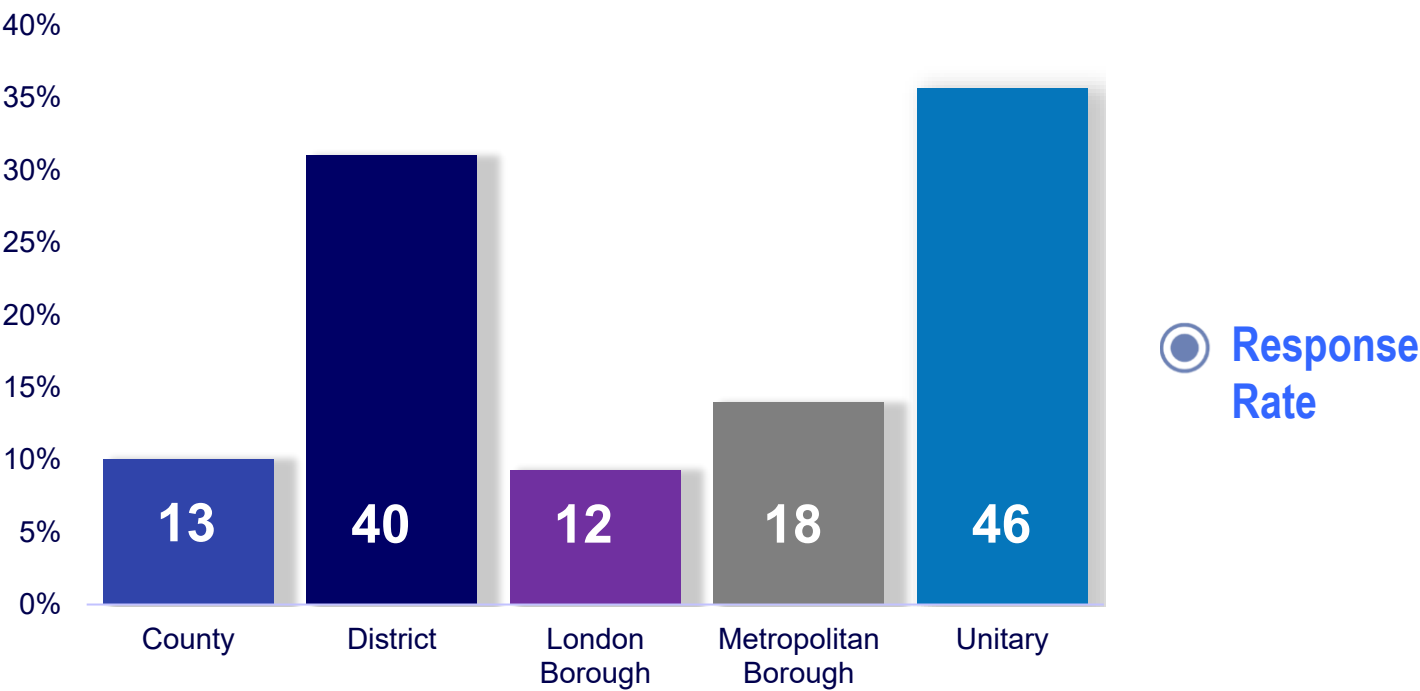
The survey achieved a broad geographic spread across Britain with strong representation from councils in Scotland (47%) and England (34%). There was a lower return from Wales (27%) and no responses from Northern Ireland. In terms of population, the response rates for England, Scotland and Wales were higher at 37%, 41% and 35% respectively making the survey returns more representative of the national picture.

90% respondents
in Senior Manager role

Of these, 34% in a Chief,
Head or Director lead role



Overall, the coverage provides a diverse cross-section of local authorities ranging from smaller rural and district councils to large city authorities supporting a well-rounded national view of counter-fraud activity. Over a third of the 129 returns were from unitary authorities. A detailed breakdown of responses by council type is presented in **Appendix 1**.



○ Monetary Value of Fraud

During the 2024/25 reporting period, survey responses from 100 councils indicated a total of £73.4 million in detected fraud across England, Scotland and Wales, an average of £734,000 per council.

In terms of **recovery**, only 33 councils responded, reporting £20.2 million in total, averaging £612,000 per council.

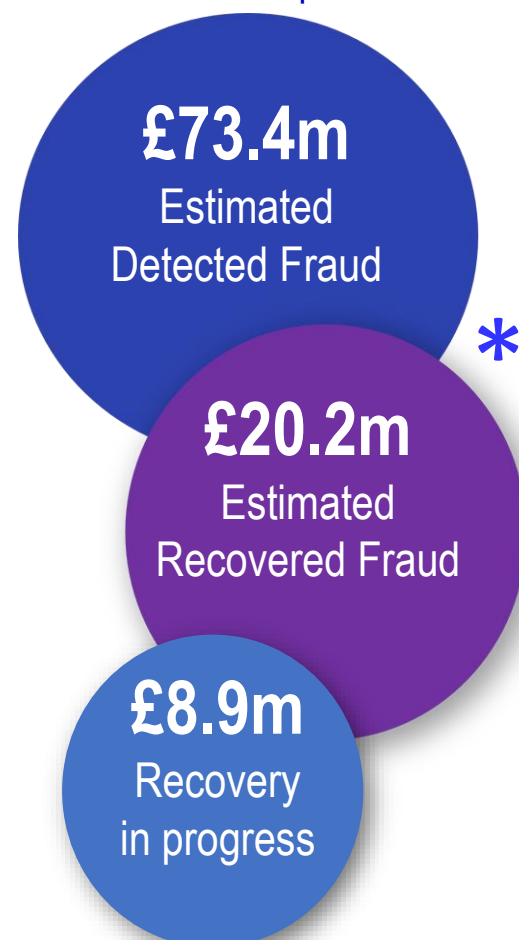
In terms of **fraud recovery in progress**, only 34 councils responded with a total value of £8.9 million, an average of £262,000 per council.

If the level of **detected fraud** is extrapolated nationally across the 371 councils in England, Scotland and Wales, this would indicate as estimated £265.1 million in detected fraud.

While this represents an 11% increase from the £239.4 million reported in 2019/20, inflation-adjusted comparisons suggest that the real-terms value of detected fraud may have declined.

Based on CPI inflation, the 2019/20 figure would equate to approximately £300 million in 2024/25.

Survey Results based
on Actual Responses:



* The projected figures for fraud recovered and in recovery should be treated with caution given the low levels of response.

Also, figures for recovered and in-recovery fraud are likely to include cases detected in previous financial years.

As recovery efforts often span multiple years, the total value recovered may exceed the value of fraud detected in the current reporting period.

Known Fraud Projected Nationally

Known Fraud	Survey Responses	Total Survey Value	Average per Council	Estimated National Value (excluding Northern Ireland)
DETECTED 2024/25	100	£73.4 million	£734,000	£265.1 million
RECOVERED *	33	£20.2 million	£612,000	£227.0 million
RECOVERING *	34	£8.9 million	£262,000	£97.3 million

- Figures are likely to include fraud detected in prior years, as recovery often extends beyond the year of detection.

The national average detected fraud case value (known or proven) for 2024/25 is calculated at £2,708, a notable decrease from the £5,090 average reported by CIPFA in 2019/20.

While the number of fraud cases has nearly doubled since 2019/20, the average case value has halved.

This indicates a changing fraud landscape characterised by transactional, lower-value frauds. In real terms, the total detected fraud value has not kept pace with inflation, suggesting that the financial impact may be less severe than headline figures imply and underscoring the increasing pressure on counter-fraud teams to manage rising caseloads with limited resources.

While today's significant rise in fraud cases nationally and globally is also driven by emerging fraud types, these have not yet fully impacted local authorities.

The findings of this survey continue to reflect more traditional local authority fraud categories. However, the rapid escalation of new and evolving fraud threats will require councils to remain vigilant and adapt their detection and prevention strategies accordingly.



Counter Fraud Exposure and Staffing Resources

Indicator	Council Responses	2024/25 Survey Results	National Projection
Total Referrals/Cases	116	30,085	97,917
Fraud Value (Detected)	100	£73.4 million	£265.1 million
Fraud per Referral/Case value	100	£2,441	£2,708
Total Budget	103	£23.3 million	£74.5 million
Budget per Referral/Case	116	£775	£761
Total Staff (FTE)	129	503	1,447
Value of Detected Fraud per FTE Employee	100	£145,983	£183,229
Budget per FTE Employee	103	£48,858	£51,486
Value Detected per £1 Spent	83	£3.65	£3.56

Undetected Fraud

If the PSFA estimates for Unknown Fraud across the public sector are applied to local government, this would suggest **Undetected Fraud of £1 - £10 billion.**



The National Audit Office (NAO) Overview of the impact of Fraud and Error on Public Funds (November 2024) estimated the undetected and unknown value of fraud across Government Departments. **£12 billion was detected**, an estimated **£41 billion was undetected** and between **£3 - £28 billion was estimated as unknown fraud.**

Total fraud across Government Departments was £55 - £81 billion.

According to the PSFA the best available evidence suggests that the level of fraud and error in unmeasured areas of government activity is between 0.5% and 5.0%.

The ONS estimate that local authority expenditure in the UK in 2022 was close to £200 billion. This survey estimates that detected fraud across local government (excluding Northern Ireland) is £265 million. Using the NAO 2024 estimates outlined above, this would suggest that undetected and unknown fraud in local government is well in excess £1 billion. If the PSFA estimates for unknown fraud across the public sector are applied to local government this would suggest undetected fraud of £1 - £10 billion.

○ Key Fraud Types

The evolving fraud profile covered in respective surveys underscores the need for adaptive and proactive counter-fraud strategies that reflect the changing risk environment facing local government.

2024/25



Analysis of the NAFN 2024/25 survey reveals a shifting fraud landscape within local authorities with a notable broadening in the types of fraud under investigation.

Council Tax remains the most consistently reported fraud type across the years. However, new priorities have emerged. In 2024/25, the most investigated fraud types by volume were Council Tax, Payroll, Employment, Grants, Procurement, Insider Fraud, Tenancy Fraud and Blue Badge misuse.

Notably, the top eight categories were reported in relatively close and equitable volume, suggesting a more even distribution of fraud activity across a wider range of services.

2019/20



By contrast, in the 2019/20 CIPFA survey, the dominant fraud areas focused more narrowly on Council Tax, Blue Badge, Housing and Business Rates. These were followed by adult social care, insurance, procurement and welfare-related frauds such as “no recourse to public funds.” Payroll and grant manipulation were also identified but appeared lower in volume.

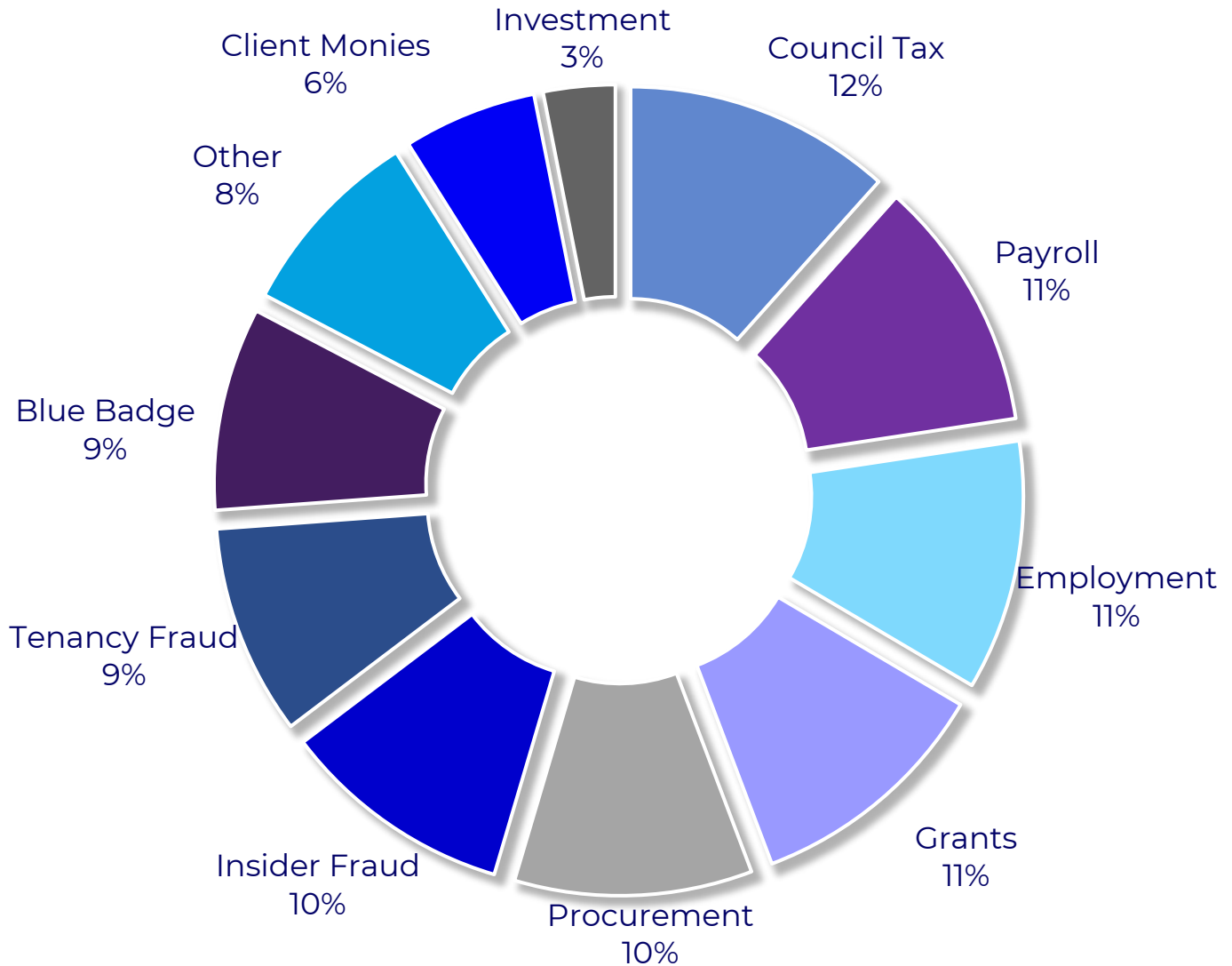
This comparison highlights a diversification of fraud threats over time.

While some categories such as Council Tax and Procurement remain high priorities, others like Employment, Insider Fraud and Grants have risen in prominence.



Main Fraud Areas 2024/25

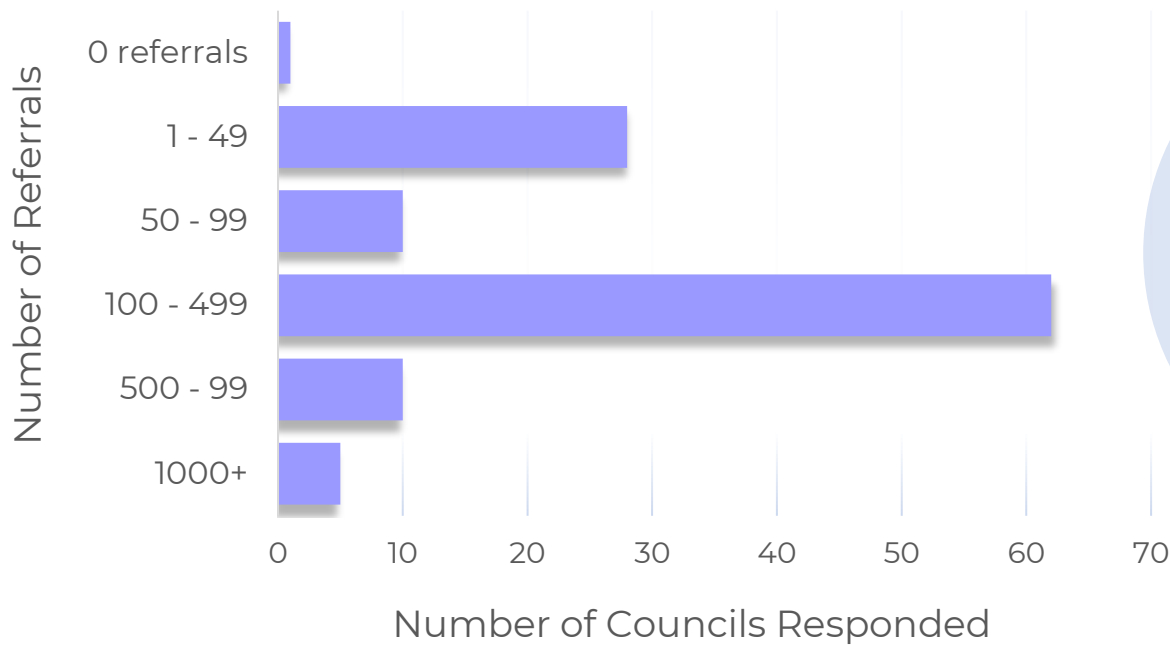
The NAFN survey reveals the main areas of fraud investigated by local authorities (referrals) with Council Tax being the most common:



Type of Fraud – 2024/25	Responses
Council Tax	111
Employment	104
Grants	103
Payroll	103
Procurement	97
Insider Fraud	95
Tenancy Fraud	88
Blue Badge	83
Other	80
Client Monies	54
Investment	29

Fraud Referrals

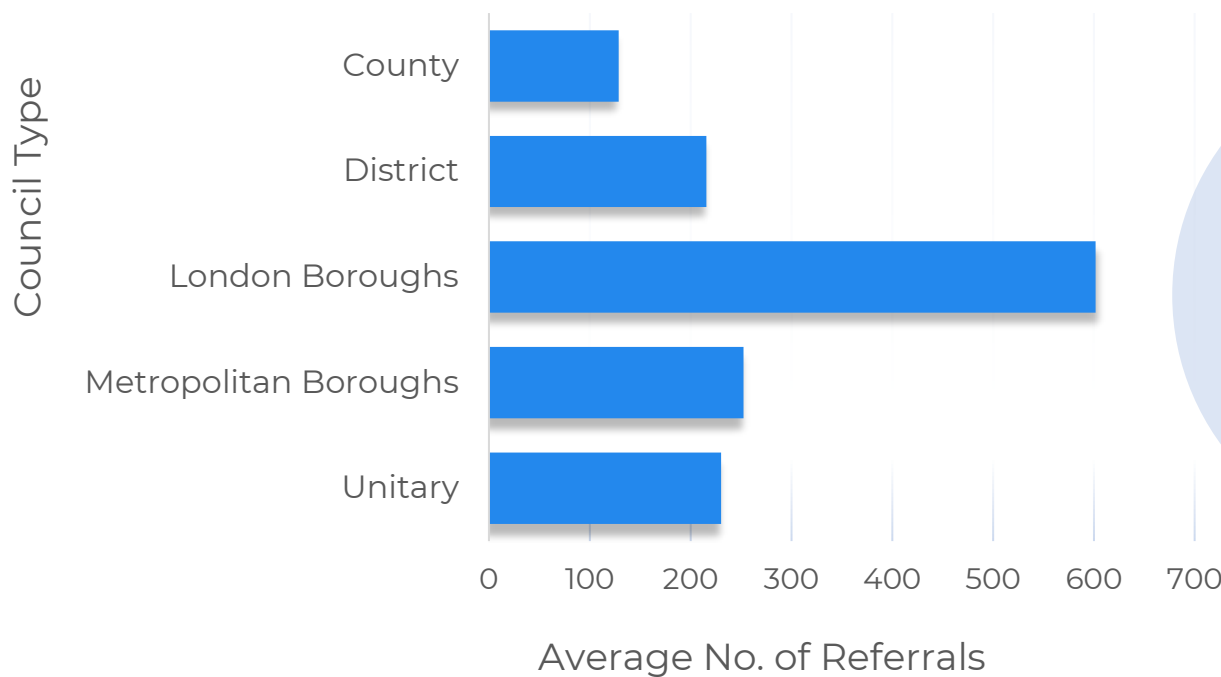
Number of Referrals Received



116
Responses

30,085
Referrals

Average No. of Referrals by Council Type



116
Responses

30,085
Referrals

Monetary Value of Fraud

Detected

Detected Fraud Value Range	Responses	Percentage
£5,000,000+	1	1
£2,000,000 – £4,999,999	11	11
£1,000,000 – £1,999,999	9	9
£500,000 – £999,999	15	15
£200,000 – £499,999	25	25
£100,000 – £199,999	19	19
£50,000 – £99,999	7	7
£10,000 – £49,999	10	10
£1 – £9,999	3	3
0	0	0
TOTAL	100	100

Highlighted figures represent the most common range where councils returned a response greater than zero.

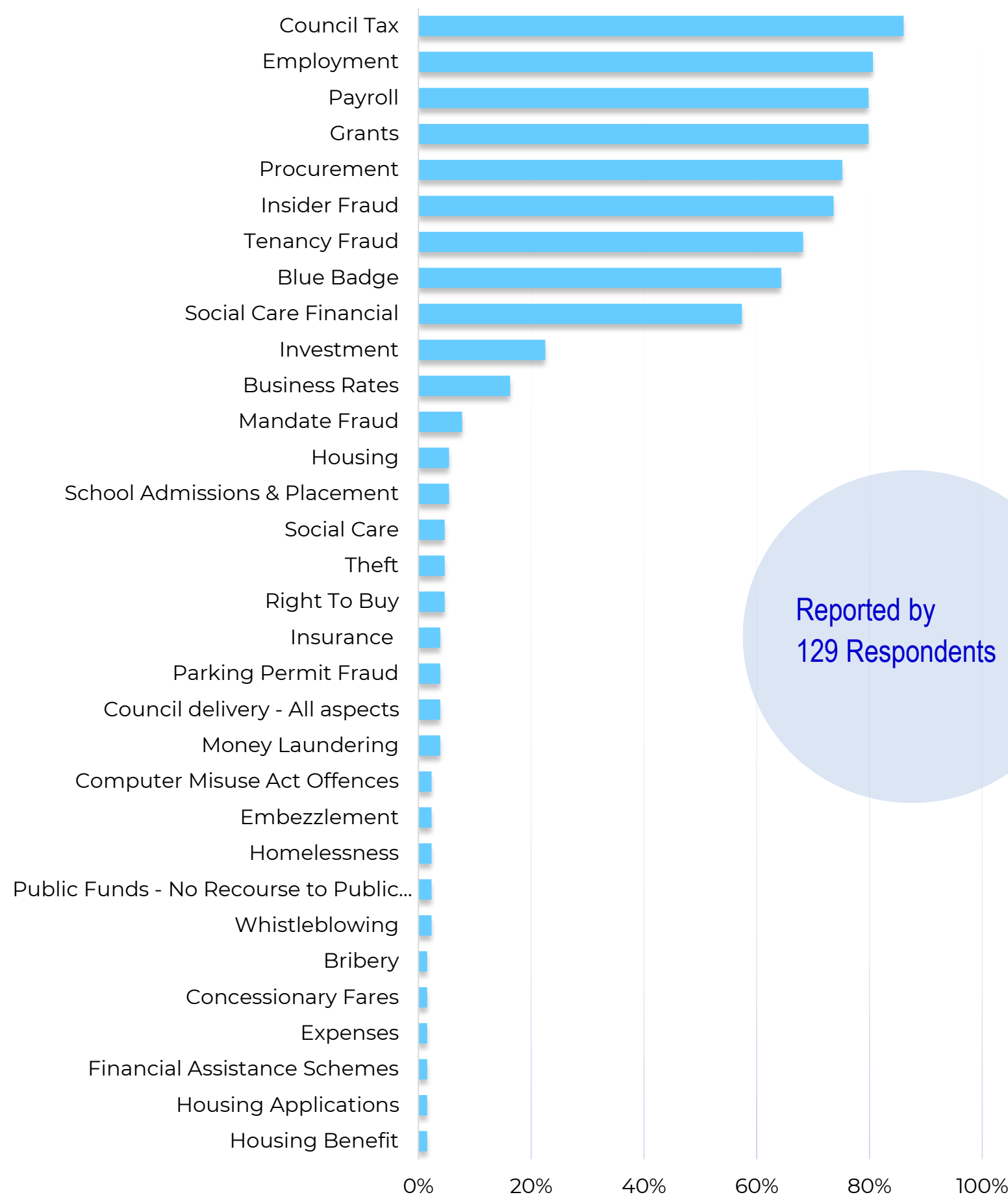
Recovered

Recovered Value Range	Responses	Percentage of Responses
£5,000,000+	1	1.4
£1,000,000 – £4,999,999	2	2.7
£500,000 – £999,999	3	4.1
£200,000 – £499,999	4	5.4
£100,000 – £199,999	2	2.7
£50,000 – £99,999	4	5.4
£10,000 – £49,999	10	13.5
£1 – £9,999	7	9.5
£0 recovered	41	55.4
TOTAL	74	100

Recovering

Recovering Value Range	Responses	Percentage of Responses
£1,000,000+	2	2.7
£500,000 – £999,999	2	2.7
£200,000 – £499,999	2	2.7
£100,000 – £199,999	8	11
£50,000 – £99,999	6	8.2
£10,000 – £49,999	9	12.3
£1 – £9,999	5	6.8
£0 recovered	39	53.4
TOTAL	73	100

Full Analysis of Fraud Referrals 2024/25



Reported by
129 Respondents

Top Ten Frauds Investigated by Councils

NUMBER of Referrals

NUMBER of Referrals Reported by Councils									
Type	0-25	26-50	51-100	101-200	201-500	501-1,000	1,001-5,000	5,000+	Total Responses
Council Tax	20	17	7	17	5	5	2	1	74
Tenancy Fraud	27	12	8	10	4	2	1	0	64
Blue Badge	40	7	7	2	2	2	0	0	60
Grants	51	2	1	1	0	0	0	0	55
Insider Fraud	51	4	0	0	0	0	0	0	55
Employment	48	3	0	0	0	0	0	0	51
Procurement	47	0	1	0	0	0	0	0	48
Payroll	46	0	0	0	0	0	0	0	46
Client Monies	35	1	1	0	0	0	0	0	37
Investment	23	0	0	0	0	0	0	0	23

Focus on Tenancy Fraud

Metric	Responses	Reported Cases	Total Number of Cases	Average Per Respondent	National Extrapolation (Cases)
Properties Recovered	84	57	980	17.2	4,328
Housing List Removal	74	41	1,246	30.4	6,247
Temporary Housing Removal	62	9	75	8.3	449

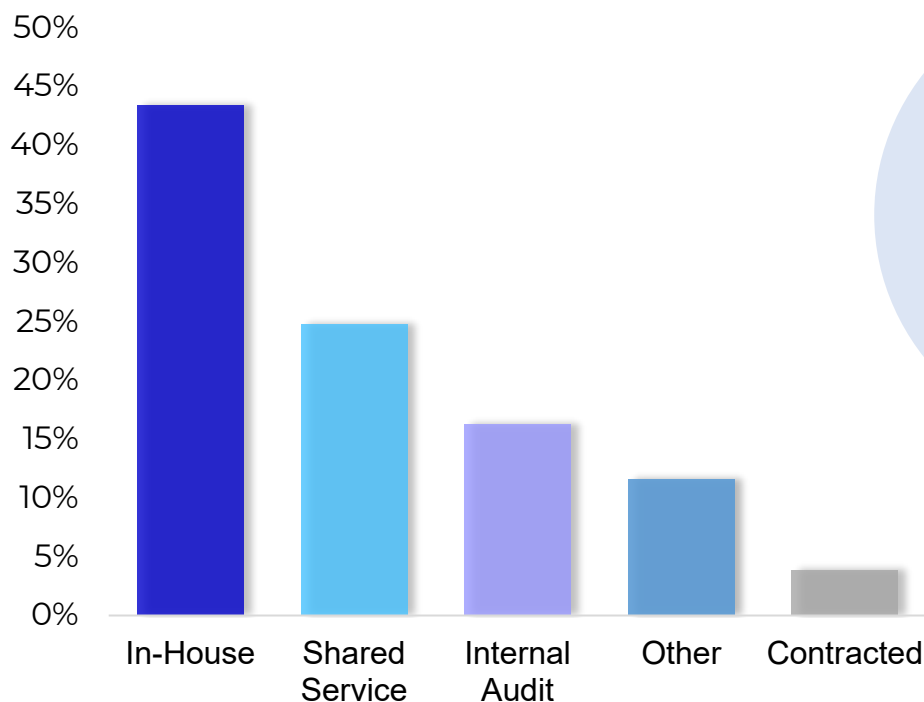
Top Ten Frauds Investigated by Councils



VALUE of Referrals

VALUE of Referrals Reported by Councils						
Type	£0-100k	£101-250k	£251-500k	£500k-£1m	£1m+	Total Responses
Council Tax	49	18	6	3	1	77
Tenancy Fraud	25	5	7	9	17	63
Blue Badge	54	2	0	1	0	57
Grants	49	2	1	1	0	53
Insider Fraud	46	2	1	0	1	50
Employment	47	1	0	0	0	48
Procurement	41	1	1	1	2	46
Payroll	41	0	0	0	0	41
Client Monies	30	1	0	0	1	32
Investment	18	0	0	0	0	18

Counter Fraud Delivery Models



In-House

Several councils reported that the Counter Fraud function is distributed across multiple departments.

Common models include:

- Allocation of the role to an Audit and Fraud Team within a Resources Directorate.
- Internal distribution of fraud case responsibilities with Corporate Fraud managed by Internal Audit, Housing Fraud by Housing Teams and Benefit Fraud by Revenues and Benefits Teams.
- A shared model in which responsibilities are split across several departments, such as Finance, Legal, Internal Audit and Revenues and Benefits.

Shared Services

Some councils reported sharing a single Counter Fraud Manager with another authority, reflecting a collaborative approach to resourcing specialist roles.

This is in addition to fuller formal and structured Shared Services with multiple Counter Fraud staff.

Other Delivery Models

Further comments provided by survey respondents offer valuable insight into the varied ways councils structure their counter-fraud responsibilities (see quotes on next page).

● Comments on Fraud Delivery Models

“

We are a small district authority so only a small amount of specific counter-fraud resources allocated to revenues and benefits and human resources for dealing with fraud cases.

Otherwise, counter-fraud responsibilities are shared across roles in finance, legal and internal audit services.

”

“

Whilst the service is delivered in-house, it should be noted that 80% of staff resources focus on external work.

So, these questions about budgets do not reflect costs against results achieved for our Council but the outcome stats are provided for our Council.

This return is not therefore suitable for benchmarking as it won't be comparing like for like.

”

“

Internal Audit does what it can, but the Council has no Fraud Investigation Team.

”

“

Mixture of Internal Audit, limited contracted support and support from each service area.

We have no dedicated counter-fraud staff or counter-fraud budgets.

All based on % staff time spent plus £5k contractor budget for training and whistleblowing line.

”

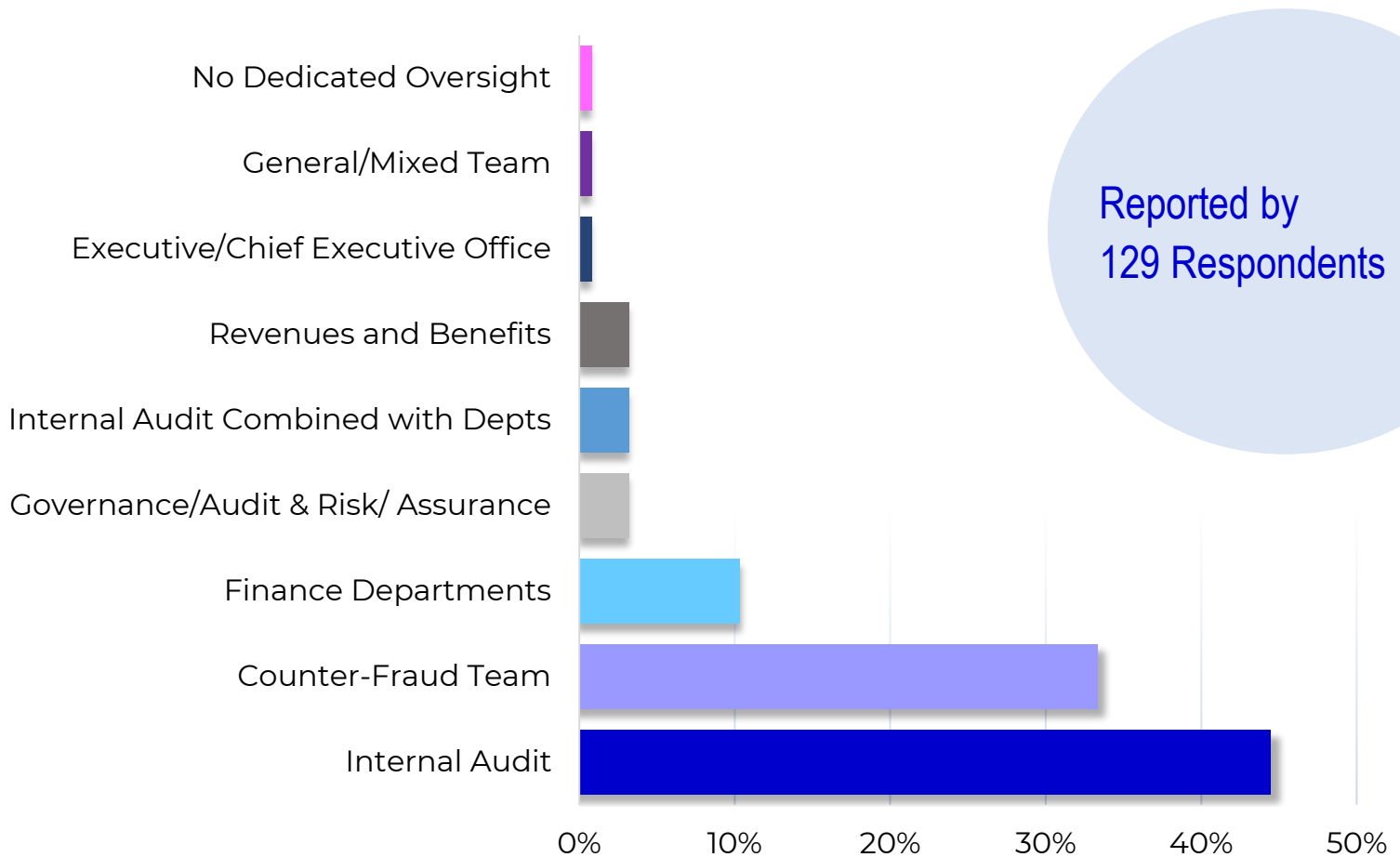
“

Internal Audit but separate activities across the Council e.g. Benefits, Tenancy etc. This response is only for the activities overseen by Internal Audit.

”



Departments with Counter-Fraud Oversight



Formal Reporting and Frequency

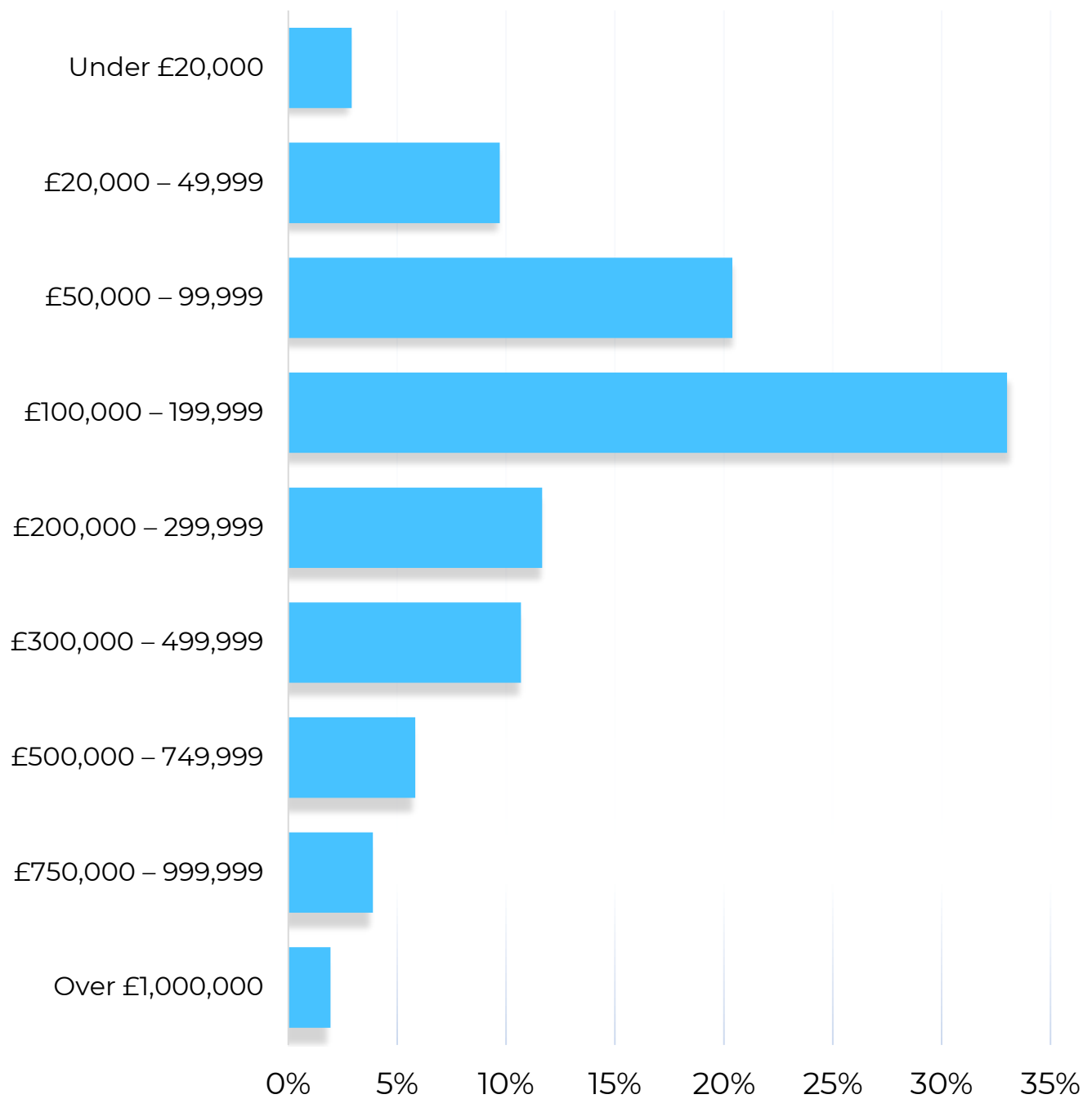
97% submit formal reports to Audit Committees, Senior Management and Leadership

The majority of councils (58%) submit these reports quarterly, 38% annually and 2.5% monthly

Fraud Strategy Documentation

81.5% follow the recommendations of the Fighting Fraud and Corruption Locally Strategy

Annual Budgets for Counter-Fraud



Reported by
103 Councils

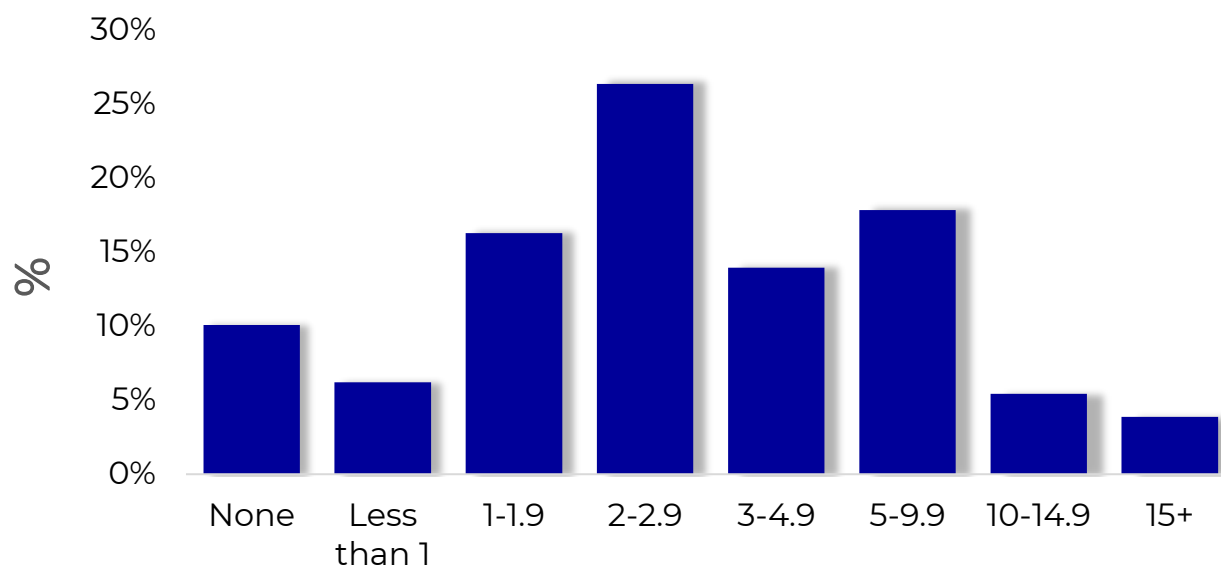
Resources: Staff Assigned to Counter Fraud

Average Counter-Fraud FTE by Council Type



Council Type (116 Responses)

FTE Counter Fraud Staffing Levels

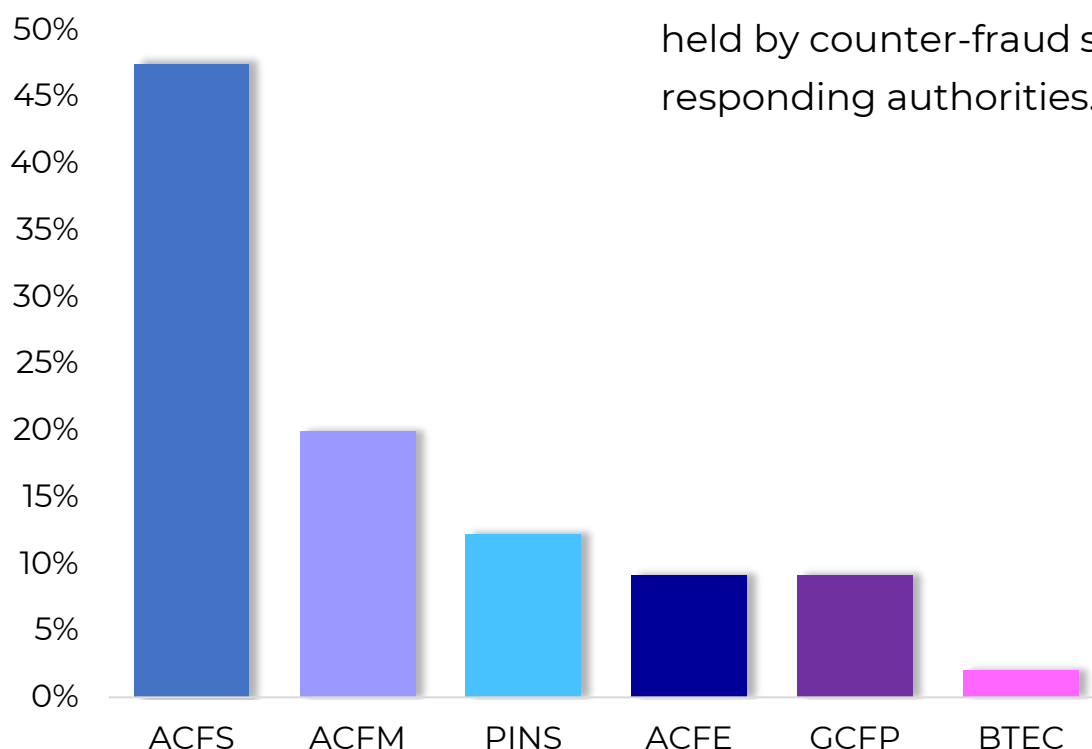


FTE Counter Fraud Staff (129 Responses)

Professional Qualifications



The survey identified a diverse range of professional qualifications held by counter-fraud staff across responding authorities.



116
Responses

KEY

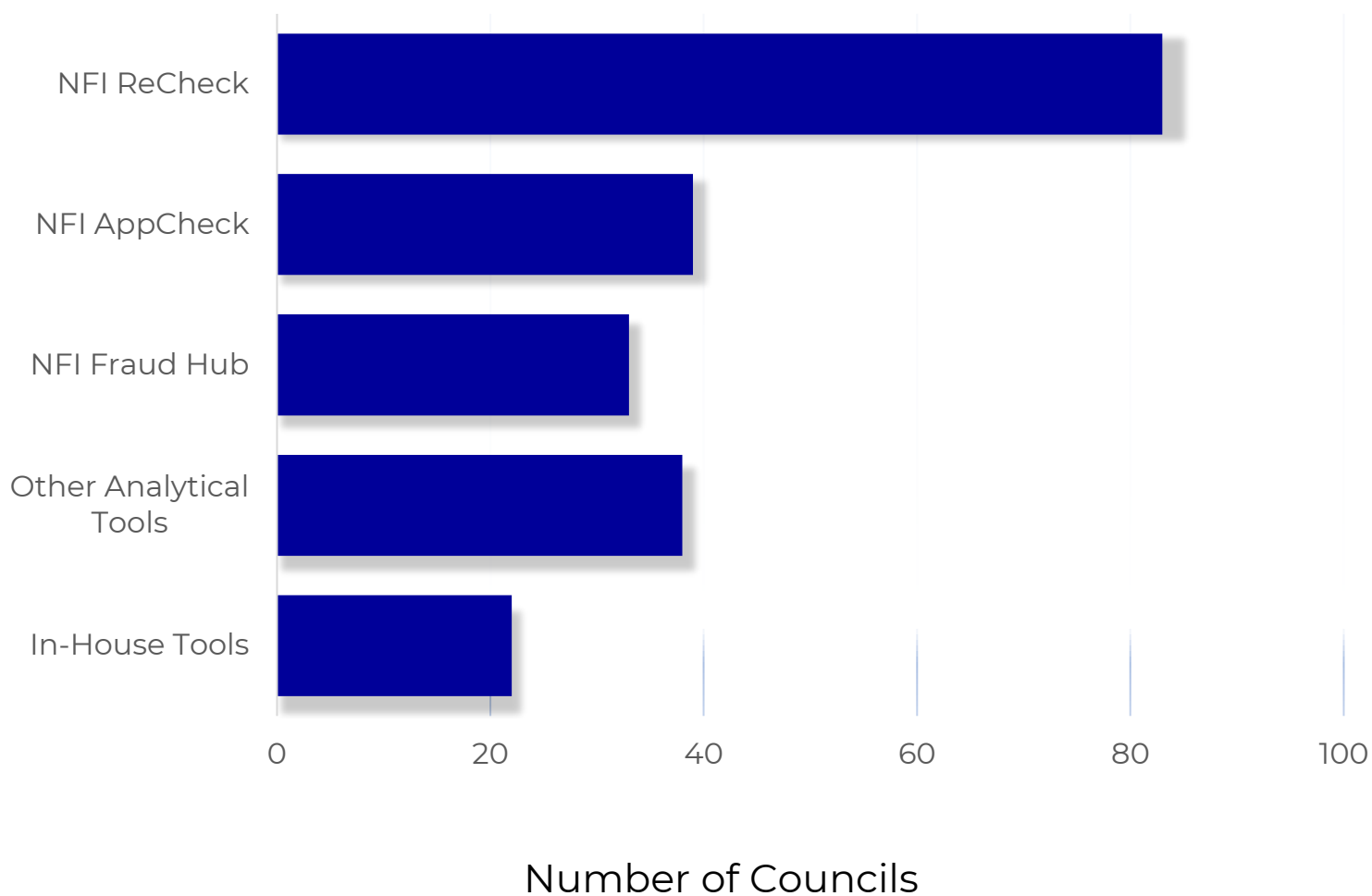
ACFS	Accredited Counter-Fraud Specialist
ACFM	Accredited Counter-Fraud Manager
GCFP	Government Counter-Fraud Profession
ACFE	Association of Certified Fraud Examiners
PINS	Professional In Security Qualification
BTEC	Business and Technology Education Council Qualifications

In addition, 32 other distinct qualifications were cited, covering a wide spectrum of specialist areas such as:

Certified Fraud Risk Management, Counter Terrorist Financing, College of Policing certifications, Cryptocurrency Investigation, Institute of Internal Auditors qualifications, Level 5 Forensic Accounting and Fraud Management and PIP 2, reflecting the breadth of expertise across counter-fraud teams.

Analytical Tools and Techniques

Number of Councils Using Analytical Tools



127
Responses



Case Studies

NAFN Local Authority Counter Fraud Survey

National Report
2025



gov.uk
Data & Intelligence Services

Stopping a fraudulent Discretionary Housing Payment (DHP): a warning sign in the rise of Identity Fraud

As part of the work that identified a need to review risks associated with the DHP process, the local authority was alerted to a suspicious claim for additional financial support regarding housing costs. This also highlighted the growing threat of identity fraud in public service systems.

The application was for a rental deposit of £1,200 and advanced rent. However, vigilant officers became suspicious of supporting evidence.

An investigation soon discovered that the application had provided a real name and address for a landlord. However, when approached, they knew nothing of the application or any proposed rental or tenancy in their name. Additionally, investigators found the evidence that supports the claim to be false.

The bank account provided on the application form was a “mule” account. Fraudsters set up a mule account, usually using a stolen identity. Once open, it can be used to transfer illicit funds or receive stolen monies without authorities being able to trace any transactions back to the fraudster.

With no traceable owner, the case was closed with no further action possible, although a false claim had been stopped and prevented. The attempted fraud was successfully intercepted before any payment was made, safeguarding public funds and closing off another route for identity-based financial exploitation.



Lessons Learned

Although this case did not lead to prosecution, it stands as an important example of how identity fraud is evolving and being used to target public financial support schemes. The use of stolen identities and mule accounts presents increasing challenges for fraud detection making early identification, document scrutiny and cross-checking with trusted sources more important than ever.

Recovery of council property following Non-Principal Home Tenancy Fraud

An investigation by the Counter-Fraud Team led to the recovery of a council tenancy after it was established that the property was not being used as the tenant's principal home.

The prompt action prevented further misuse of public housing resources.

Following an anonymous report, a housing officer referred concerns to the Counter-Fraud Team regarding a tenant suspected of not residing at their council property.

Investigations revealed that the tenant was in fact living with their partner and children at a privately owned property valued at approximately £350,000, while the council tenancy was being used by a third party, the neighbour's son.

Cross-agency checks uncovered inconsistencies across housing, council tax, education and call centre records. Credit checks and social media evidence further confirmed the family's residence at the private home, along with ongoing contact between the neighbour's son and the council in relation to the tenancy.

Despite initial non-responsiveness, the tenant returned the property keys within four days of formal written contact from the Counter-Fraud Team and the tenancy was fully terminated and recovered.



Lessons Learned

This case highlights the effectiveness of intelligence-led investigations and cross-referencing data. A social housing property was successfully recovered and is now available for allocation to a household in genuine need. The swift resolution avoided lengthy legal proceedings and mitigated ongoing financial loss to the authority.

Dual Working: Undeclared employment across Public Sector roles

Dual working across organisations where employees hold more than one job without declaring it or in breach of contract.

These two cases demonstrate how individuals exploited the system by working for multiple public bodies simultaneously, failing to disclose secondary employment and misrepresenting their availability.

Case 1: Undeclared employment in two public sector roles

An employee contracted to work full-time in one public sector role was found to be simultaneously employed in a second role within another public body. Digital checks confirmed the same individual was working as a Compliance Manager elsewhere while still contracted for 36 hours per week in their primary position.

Upon investigation, their identity card image was swiftly matched with a LinkedIn profile photograph belonging to the employee from their primary role.

As a result, the individual was suspended pending a disciplinary investigation but ultimately chose to resign. Since the period of overlapping work was brief, the resignation was accepted.

Upon reviewing the employee's onboarding documents, a minor discrepancy was discovered in the employment references provided by the employee prior to recruitment. Although this anomaly was small, it has been brought to the attention of colleagues in the recruitment department to ensure that it is incorporated into their verification process.

... / continued

Case 2: Full-Time Public Sector and NHS dual working

In another case, payroll data matching identified an individual who was employed full-time in a public sector role while also appearing on the NHS payroll during the same period.

The subsequent investigation discovered that the employee in question was a full-time Quantity Surveyor who was simultaneously employed by the NHS, falsely claiming full-time employment during October 2023.

The employee should have disclosed their secondary employment and throughout the investigation, consistently provided inconsistent information regarding the number of days and hours worked for both organisations. Consequently, due to the severity of the misconduct, the individual was dismissed.



Lessons Learned

These cases highlight how dual working, when not declared and properly managed, can result in time theft, dishonesty and potential conflicts of interest within the public sector.

Key takeaways include the need to:

- Implement clear policies around secondary employment
- Conduct robust pre-employment checks
- Use payroll data-matching to proactively detect dual roles
- Promote a culture of transparency and accountability.

By strengthening internal controls and fostering better cross-sector collaboration, public bodies can reduce the risk of dual working and maintain trust in the integrity of their workforce.

Successful recovery of social housing following Tenancy Fraud

A local authority successfully prosecuted a case of tenancy fraud involving the unlawful subletting of a social housing property.

The investigation led to the recovery of the property, financial penalties for the offender and the prevention of further taxpayer loss.

A tenant unlawfully sublet their social housing property over a two-year period while residing abroad. Despite clear evidence, they initially denied the allegations during interviews. Legal proceedings brought by the Council's Investigation Service led to their conviction at Magistrates' Court, where the tenant was fined £1,000, ordered to pay £3,494 in legal costs and a £400 victim surcharge.

The individual had received nearly £12,000 in rental income while the estimated cost to the public, including the deprivation of a social home for over two years, was £42,000.

The housing provider acted swiftly upon receiving evidence, regaining possession of the property in December 2023.



Lessons Learned

Housing spokesperson: "This case highlights the seriousness of tenancy fraud and the significant impact it has on our community. Social housing is a vital resource meant for families who truly need it and depriving others of a home for personal financial gain is unacceptable."

This case demonstrates the effectiveness of proactive fraud investigation and collaboration in protecting public assets. A valuable social housing unit has been recovered and reassigned, financial penalties imposed and a clear message delivered on the consequences of tenancy fraud.

Employee Misuse of Council Resources: exposure through public vigilance

A tip-off from a member of the public uncovered the misuse of a council vehicle for private work, triggering an internal investigation that revealed wider concerns around time theft and abuse of position.

While the investigation was cut short due to the employee's resignation, the case stands as a strong reminder of how local authorities must remain alert to internal fraud risks and how public vigilance can play a key role in protecting public resources.

The case began when a concerned member of the public reported seeing a liveried Council maintenance van parked on the driveway of a residential property outside the Borough. The report included the vehicle registration allowing the Council's Client Repairs Team to identify the assigned operative.

The Area Supervisor visited the address and confirmed that the operative was undertaking private work during Council working hours. Before formal suspension could be initiated, the employee went on sickness leave, delaying the disciplinary process.

However, before the investigation could be completed and formal action taken, the employee resigned voluntarily. When potential misconduct occurs, the Council will always consider whether disciplinary action should proceed regardless of a resignation. In this instance, the cost of further investigations and the impact on senior officers hearing the case meant it was not in the public interest to proceed and the resignation was accepted.



Lessons Learned

Although the investigation ended without disciplinary action, this case clearly demonstrates the importance of acting on credible reports from the public and maintaining mechanisms to detect and investigate internal fraud.

The misuse of council vehicles and working hours erodes trust and diverts public resources. Through a combination of community vigilance, robust supervision and investigative follow-up, these behaviours can be identified and addressed.

False Homelessness: application prevented

A potentially fraudulent homelessness application was identified and investigated by a Counter-Fraud Team, preventing the misuse of council housing resources and ensuring allocation remained fair and needs-based.



Lessons Learned

The investigation successfully prevented the allocation of a council property under false pretences. The case demonstrates the importance of early intervention, digital intelligence gathering and collaboration in protecting housing resources for those in genuine need.

A housing officer raised concerns regarding an urgent homelessness application submitted by an individual claiming to have separated from their partner. They had been living with their mother until recently being asked to leave.

The applicant was actively pressing for permanent housing, citing mental health concerns and rejecting temporary accommodation as unsuitable.

Investigations uncovered that the applicant had never left the family home. Council Tax records, credit checks and social media activity confirmed they had remained living with her partner at their jointly owned private property, which they were in the process of selling.

Online property listings and numerous social media posts, including TikTok videos filmed inside the home over several years, further disproved the homelessness claim.

Despite contact from the Counter-Fraud Team outlining the evidence, the applicant failed to respond. The application was cancelled and they ceased contact with housing staff and councillors. They also deleted their social media accounts immediately following the correspondence.

Illegal Subletting and fraudulent rental of council property

An investigation by the Counter-Fraud Team uncovered a case of illegal subletting and fraudulent activity by a council tenant, resulting in immediate recovery of the property and criminal proceedings initiated.

Concerns were raised via a whistleblowing hotline that a council property was being unlawfully advertised for private rent online.

The investigation confirmed that the tenant had listed the property on Gumtree for £1,100 per month under a false identity. A family responded to the advert and met a person posing as the property owner, who provided a tour and secured £2,600 (deposit and advance rent) from the family before handing over keys.

Upon return, the family discovered the property was unfurnished and the individual uncontactable. Cross-referencing housing, council tax and social media records confirmed the council tenant's identity as the same individual behind the fraudulent advert and transaction.

Immediate action was taken to recover the tenancy. The locks were changed, the family informed of the fraud and an eviction notice was served on the tenant.

The matter was reported to Police Scotland and is being investigated as two separate frauds: one against the family and one against the Council. The tenant has since absconded to England and criminal enquiries are ongoing.



Lessons Learned

Swift investigative action prevented continued misuse of a council asset and safeguarded public resources. The property has been recovered for legitimate allocation and legal steps are in motion. The case underscores the importance of whistleblowing mechanisms and the role of coordinated responses in tackling tenancy fraud.

Direct Payments: Inappropriate use of Care and Support packages

A referral from Social Care led to the uncovering of financial mismanagement involving direct payments intended to support an individual's assessed care needs. However, these were being used for personal spending.

This case shows how a targeted investigation not only exposed misuse of direct payments but also prompted a reassessment of care needs, leading to measurable savings and the recovery of wrongly spent funds.

Following the referral, an investigation was initiated into the individual's financial activity. It soon found that funds were not being used appropriately

Social Care had assessed the client as requiring 56 hours of care per month at the cost of £900 but their financial records revealed they were not fully utilising these funds. However, there was no evidence that the care they purchased was insufficient or failed to support their needs, so the care package appeared excessive for this individual's actual needs.

The client was spending £700 per month on care, with the excess was being spent on personal items, including travel, food and online purchases.

The findings showed financial mismanagement and the misuse of personal budgets. Social Care were recommended to reassess the care package to ensure it was commensurate with the client's needs.

The reassessment identified a reduction of the care plan from 56 hours to 46 hours per month, reducing the spending accordingly and creating an annual saving for the Council of £1,934. Additionally, the client has since been invoiced for £2,771; the amount identified as wrongfully spent on personal transactions.



Lessons Learned

This case highlights how close collaboration between Social Care and Fraud Investigation teams can uncover hidden inefficiencies and ensure responsible use of direct payment funds. By reassessing the care package and recovering misused public money, the Council not only protected public funds but also reinforced the importance of accountability in personal care budgeting.

For local authorities, this case offers a valuable example of how proactive investigation and intelligent oversight of direct payments can lead to both financial savings and improved service alignment, helping to maintain trust in public services and strengthening the fight against fraud in adult social care.

Case Study: Special Educational Needs Fraud

Misrepresentation in SEN travel claims: exposing false address and overpayments

An attempt to falsely claim increased travel support by misrepresenting a family's address was uncovered through a targeted investigation.

By cross-referencing internal records and verifying school attendance details, the Council was able to halt an ongoing overpayment and recover £2,550.

This case demonstrates the importance of verifying declared changes in personal circumstances, particularly where funding decisions are based solely on self-reported information.

This case originated from concerns raised by the Special Educational Needs (SEN) Travel Team Lead, who suspected that a family may have falsely claimed travel costs for their child.

The Council initially allocated a transport budget for school taxi expenses, starting in September 2020, at £360 per month. In February 2023, the budget was raised by £150 per month due to increased fares.

SEN advised the family that the budget would be reduced once the attendee moved to a new school closer to home. Still, the family said they were moving further away and there was no need to change the budget. They supplied a bank statement with the new address and the budget remained unaltered.

The case was passed to investigators who could not find the new family address. Furthermore, when the investigator interrogated Council records across different datasets, there was no record that the family had vacated their original address. This also mirrored all the information the investigator found when searching finance records for the family. It all pointed towards them still living at their original address.

The investigator then approached the school for clarification regarding the information they held on record. The school also held the original address but more importantly, they confirmed that they had no record that the family were using independent transport and that the instructions on file were specific, with only mum or dad to collect the child.

The collated evidence was passed back to SEN Transport, who ended the allowance and calculated an overpayment of £2,550.

Lessons Learned

This case highlights how self-declared information, such as changes of address, can be misused to exploit funding schemes and why validation processes must be in place, especially for discretionary support budgets. Through data matching, communication with schools and internal system checks, the Council was able to act swiftly to stop the overpayment and prevent further loss.

Case Study: Property Planning Fraud

Using POCA Powers to recover illicit profits from unauthorised property development

A property developer who illegally converted a London property into multiple flats without planning permission has been ordered to repay £415,000 under the Proceeds of Crime Act (POCA), thanks to a robust investigation led by a local authority Financial Investigator.

This case demonstrates the power of POCA in holding individuals accountable for planning offences and how councils can reclaim proceeds from criminal benefit to support further enforcement activity.

A POCA investigation for a City Council planning case was instigated where a property was converted into seven flats. However, no planning permission was ever granted for the conversion of the property and an enforcement notice had been ignored.

A company incorporated in the British Virgin Islands was the freeholder but investigations identified the Director was operating in the UK. This individual was charged with failing to comply with an enforcement notice contrary to Sections 179(5) and 331(1) of the Town and Country Planning Act 1990 and appeared in court for trial in 2023. A guilty plea was entered both for the individual and the company.

The Financial Investigator conducted a comprehensive investigation on behalf of the Council, into the assets and criminal benefit of the defendant. In September 2024, a Court Confiscation Order for the sum of £415,000 was imposed on the defendant.

Once the Order is fulfilled the Council hope to receive 18% of the proceeds for the investigation work undertaken by their Financial Investigator.



Lessons Learned

This case clearly demonstrates how POCA powers can be used to tackle serious planning breaches and ensure that offenders do not profit from criminal conduct. By pursuing a financial investigation alongside criminal proceedings, the Council not only upheld planning law but also ensured the recovery of substantial funds, which can be reinvested into further fraud and enforcement work.

For local authorities, this case underlines the strategic value of using POCA investigations in areas such as planning enforcement, where the financial gains from non-compliance can be significant. It also showcases how local enforcement teams, when supported by expert financial investigators, can disrupt unlawful profit and deliver meaningful financial outcomes for the public.

Blue Badge Misuse: caught in the act during routine inspection

A routine check on a disabled parking bay led to the discovery of a stolen Blue Badge in use, exposing an individual attempting to benefit from concessions intended for vulnerable residents.

Through swift action and a full investigation, the misuse was brought before the courts, resulting in a conviction and financial penalties.

This case reinforces the importance of regular enforcement activity in deterring Blue Badge fraud and protecting legitimate badge holders.



Lessons Learned

This case highlights how even seemingly low-level fraud, such as misuse of a Blue Badge, can have serious legal and financial consequences. The badge holder in this case was a genuine victim of theft and the swift investigation ensured that her stolen badge was recovered and the offender held accountable. For local authorities, it reinforces the value of routine on-street inspections as a proactive fraud prevention tool.

During a routine inspection of disabled parking bays, an investigator noticed a motor vehicle parked and unattended in a designated disabled bay. Displayed in the vehicle was a blue disabled badge issued by the Borough. Enquiries established that the badge had been cancelled due to its reported theft.

As a result, the vehicle was issued with a Penalty Charge Notice (PCN) and removed to the car pound. During this time, the investigator was able to contact the badge holder who confirmed that their own vehicle had been broken into and the badge had been stolen. When the driver of the impounded vehicle came to collect the car, they were interviewed under caution, during which they admitted to finding the badge on the street and using it illegally.

The matter was referred to Legal Services for prosecution regarding an offence under Section 2 (Misrepresentation) of the Fraud Act 2006. However, the driver failed to attend court and a warrant was issued for their arrest. They subsequently surrendered to the Court, stating they were unaware of the previous hearings due to being out of the country.

At the court hearing, the individual pleaded guilty to the offence and was given a £500 fine, ordered to pay costs of £836 and a victim surcharge of £200. This was in addition to the PCN issued and the car pound fees charged when the vehicle was removed.

Tackling Tenancy Fraud: a collaborative approach

In an area experiencing both a limited supply of social housing and consistently high demand, the prevention and detection of tenancy fraud is vital.

To protect housing stock and ensure fair allocation, the local authority's Corporate Fraud Team works closely with Housing Services and local housing associations to identify and address fraudulent activity.

An illustrative case from 2024/2025 involved an individual presenting as homeless, stating they had been 'sofa surfing' after being asked to leave their parental home.

The application progressed to the point where a tenancy was due to be offered through a local housing association. Before the tenancy was finalised, the Corporate Fraud Team conducted routine checks which revealed that the applicant owned a property outright in a neighbouring local authority area. This asset had been purchased with no mortgage involvement, clearly undermining the individual's claim of homelessness and need.

As a result of these findings:

- Tenancy offer withdrawn
- Homelessness priority removed
- Application cancelled

This outcome protected a valuable housing unit and upheld the integrity of the application process.



Lessons Learned

This case illustrates the importance of early verification checks in protecting social housing stock. Without intervention, a property would have been inappropriately allocated, denying access to someone with a proper need.

Corporate Fraud Manager: "Through collaboration between the Corporate Fraud Team, Housing Services and local housing associations, significant progress has been made in preventing and addressing tenancy fraud. In 2024/2025, 93 fraudulent applications were intercepted and cancelled and a further 15 abandoned properties were identified and recovered. This approach not only helps to protect scarce housing stock but also reinforces a fair and transparent housing allocation system."

Case Study: Direct Payments Fraud #2

Direct Payments Fraud: exposure of forged care documentation and financial misuse

This case uncovered a carefully constructed fraud involving fake invoices, forged bank statements and the total absence of care provision.

It demonstrates how vigilance, swift investigation and cross-team coordination exposed the deliberate misuse of direct payments resulting in prosecution, a fraud conviction and recovery proceedings.

Lessons Learned

The successful outcome demonstrates the value of collaboration between social care professionals and fraud investigators.

Through swift action, the Council protected vulnerable individuals, upheld the integrity of the direct payments system and sent a clear message that fraud against public funds will not go unchallenged.

For any local authority, this case reinforces the importance of strong oversight, early detection and a zero-tolerance approach to care-related fraud.

Concerns were raised by the Independent Living Advisor (ILA) regarding a client and the investigation team were informed. The Advisor suspected that the payments to a care agency had ceased and that the client's daughter was misusing one of her parent's Direct Payment Funds.

The investigation found that the daughter had contacted the care provider, requesting that they discontinue providing care. Thereafter, the daughter created fake invoices from the same care provider, which she submitted to the Council to demonstrate that the care was ongoing and to enable direct payments to continue.

Bank statements were requested via the Financial Investigator and the findings revealed that the bank statement provided by the daughter was also fake. Furthermore, there was no evidence that any care provision was funded from the account, only personal transactions unrelated to care provisions were recorded.

During an interview under caution, the daughter confessed to producing fraudulent documents and failure to inform the Council regarding the change in her one parent's situation or care needs. She also admitted to fabricating the existence of a carer.

In court, she pleaded guilty at the first opportunity to five offences, including three counts of forgery and counterfeiting, one offence under the Theft Act and one under the Fraud Act.

Sentencing was passed and she received an eight-month imprisonment suspended for 18 months, 100 hours of unpaid work and a 25-day rehabilitation activity requirement. A Proceeds of Crime notice was served and a timetable was agreed for confiscation.

Case Study: Blue Badge Fraud #2

Fraudulent use of Blue Badge parking privileges

Deliberate and repeated misuse of a stolen Blue Badge was uncovered during proactive on-street monitoring.

The investigation led to a successful prosecution under the Fraud Act 2006, resulting in multiple convictions, fines and the recovery of costs.

This case highlights how regular enforcement and persistence in follow-up can expose and deter individuals seeking to exploit parking concessions unlawfully.



Lessons Learned

This case demonstrates how repeated misuse of a stolen Blue Badge can and will result in criminal prosecution. It also reinforces the effectiveness of regular on-street enforcement, backed by swift investigation and legal follow-through, in protecting the Blue Badge scheme for those in genuine need.

Such cases are a reminder to all local authorities of the need to maintain visible enforcement presence and ensure that misuse of public services, however routine they may appear, are taken seriously and appropriately penalised.

A vehicle was observed parked repeatedly in a disabled bay over several days. The driver failed to return to the vehicle on both occasions, raising suspicions. During the second sighting, the investigator noted the disabled badge number on display in the windscreen.

Checks revealed that the badge had been reported stolen and had since been cancelled, yet it continued to be used to access disabled parking concessions.

Shortly after, the same vehicle was observed once again in the same location using the same badge. This time, the investigator waited for the driver to return and was able to identify them directly. The badge was confiscated on the spot to prevent further misuse and the individual was interviewed under caution. However, they chose to give no comment during questioning.

The case was referred for prosecution and the driver charged with four offences under the Fraud Act 2006. These included three counts of Fraud by False Representation under Section 2, relating to each known occasion the vehicle was parked using the stolen badge and one count under Section 6 for possession of an article intended for use in fraud, namely the blue badge itself.

The driver pleaded guilty to all four offences. The court imposed a total fine of £638, along with £85 in legal costs and a victim surcharge of £255. A payment plan was agreed, requiring the driver to pay £90 per week commencing June 2024. Additionally, the driver settled outstanding parking penalties totalling £210.

Appendix 1



Assumptions and Methodology

The online survey was distributed on 5 June 2025 to 382 identified local authority recipients across England, Scotland, Wales and Northern Ireland, targeting Counter Fraud, Internal Audit and Finance leadership roles. A structured email campaign was used to maximise response rates and representation with four follow-ups to promote returns with a final closing date of 11 July. Where necessary, individual approaches were made to clarify and validate submitted data. Council types were categorised in line with Local Government Association (LGA) classifications.

Responses submitted on behalf of Shared Services were, where applicable, proportionally attributed to each participating authority to avoid duplication and ensure consistency in analysis. Where no values or zero responses were entered in staffing-related questions (Questions 9-11), it was assumed that no counter-fraud staffing resources were in place at the time of response.

The results were extrapolated to provide indicative national-level insights, based on responses from councils in England, Scotland and Wales. Northern Ireland was not included in the analysis, as no responses were received during the survey period. With a response rate of 34.8% (129 out of 371 for England, Scotland and Wales), the survey achieved a 95% confidence level with a margin of error of 6.4%, supporting the reliability of findings for wider application. The online survey software used (Survey Monkey) indicated a 5% margin of error for a response rate of over 30%. For the purposes of this report, we have assumed the 6.4% margin of error.



Comparisons were made where relevant to existing benchmarking sources, including the CIPFA 2020 Fraud and Corruption Tracker. All data was reviewed through internal validation and quality assurance processes prior to analysis.

The results in this report are based on responses from 129 local authorities. Where there were less respondents to a specific question, the analysis and projections were calculated based on its individual number of responses. For example, 100 councils provided a figure on detected fraud. The projected national figure for all local authorities in England, Scotland and Wales was based on these 100 responses.

The survey used predominantly fixed-response questions to enable quantifiable analysis, supplemented by optional free-text fields to gather qualitative context. Respondents represented a balanced cross-section of council types and organisational sizes.

To support thorough interpretation of the data, standard statistical analysis methods were applied. For presentation purposes some of the figures are rounded up or down. This aligns with accepted public sector research standards and best practice in survey-based analysis, as endorsed by organisations such as the Office for National Statistics (ONS) and the UK Government Statistical Service (GSS).

Appendix 2



Local Authority Responses to 2025 National Survey

Country	Actual	Type	Survey Responses	Percentage Response	Notes
ENGLAND					
	21	County	13	62%	Two Tier
	164	District	40	24%	Two Tier
	32	London Borough	12	38%	Unitary
	36	Metropolitan Borough	18	50%	Unitary
	64	Unitary	25	39%	Including City of London and Isle of Scilly
SUB-TOTAL	317		108	34%	
WALES					
	22	Unitary	6	23%	
SCOTLAND					
	32	Unitary	15	50%	
NORTHERN IRELAND					
	11	Unitary	0	0%	
TOTAL	382		129		

Source:
https://assets.publishing.service.gov.uk/media/67371541c0b2bbee1a1271ed/List_of_councils_in_England_2023.pdf

Appendix 3



Council Response by Country and Population

England, Scotland and Wales						
Country	Total Number of Councils	Total Population	Number of Responses	Population	% Response Rate by Country	% Response Rate by Population
England	317	58,374,101	108	21,710,874	34.1	37.2
Scotland	32	5,490,100	15	2,238,350	46.9	40.8
Wales	22	2,987,581	6	1,039,902	27.3	34.8
Total	371	66,851,782	129	24,989,126	34.8	37.4



Counter-Fraud Budgets by Council Type (Projected Nationally)

England, Scotland and Wales					
Council Type	Total Number	Number of Responses	Survey Total (£)	Projected National (£)	National Budget (%)
County	21	11	1,697,507	3,240,695	4.4%
District	164	31	3,796,788	20,086,233	27.0%
London Borough	32	12	8,847,957	23,594,552	31.7%
Metropolitan Borough	36	15	3,318,326	7,963,982	10.7%
Unitary	118	34	5,650,620	19,610,975	26.3%
Total	371	103	23,311,198	74,496,438	100.0%



Councils Reporting Detected Fraud by Type and Population

England, Scotland and Wales						
Council Type	Total Number	Total Population	Number of Responses	Population	% Response Rate by Council Type	% Response Rate by Population
County	21	20,075,630	12	12,576,391	57.10%	62.6%
District	164	19,992,284	30	5,129,115	18.30%	25.7%
London Borough	32	9,079,625	9	3,471,295	28.10%	38.2%
Metropolitan Borough	36	12,366,058	14	6,372,924	38.90%	51.5%
Unitary	118	25,413,815	35	10,015,792	29.70%	39.4%
Total	371	66,851,782	100	24,989,126	27.00%	37.4%

Note: Both total population figures exclude Counties to avoid double counting



2020 CIPFA Fraud and Corruption Tracker – Key Findings

- For local authorities in the UK, CIPFA has estimated that the total value of fraud identified and prevented in 2019/20 is approximately £239.4m.
- The report shows that council tax continued to be the largest area of identified fraud for councils, with more than 30,600 cases totalling £35.9m in 2019/20.
- The two highest perceived fraud risk areas for 2019/20 are again procurement and council tax Single Person Discount.
- This year, 32% of respondents stated their organisation had been a victim of a Distributed Denial-of-Service (DDOS)/hacking attack in the last 12 months, a 5% increase from the previous year.
- In 2019/20 – prior to the COVID-19 grant disbursement – grant fraud represented just 0.3% of the total identified instances of fraud in the UK's local government sector.
- Valued at an estimated loss of £36.6m, the report reveals only 161 instances of grant fraud occurred in 2019/20.

Thank you.



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